WALES AUDIT OFFICE
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Auditor General for Wales

Structured Assessment 2018 – **Abertawe Bro Morgannwg University Health Board**

Audit year: 2018

Date issued: January 2019

Document reference: 1000A2018-19

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About this report

1 This report sets out the findings from the Auditor General's 2018 structured assessment work at Abertawe Bro Morgannwg University Health Board (the Health Board). The work has been undertaken to help discharge the Auditor General's statutory requirement, under section 61 of the Public Audit (Wales) Act 2014, to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

2 Our 2018 structured assessment work has included interviews with officers and independent members, observations at board and committee meetings and reviews of relevant documents, performance and financial data. We also conducted a survey of board members across all health boards and NHS trusts. Fourteen of the 19 board members invited to take part at the Health Board responded.

3 This year's structured assessment work follows similar themes to previous years' work, although we have broadened the scope to include commentary on arrangements relating to procurement and improving efficiency and productivity. The report groups our findings under three themes – the Health Board's governance arrangements, its approach to strategic planning and the wider arrangements that support the efficient, effective and economical use of resources. The report concludes with our recommendations.

4 Appendix 1 summarises the action that has been taken to address last year's structured assessment recommendations. Appendix 2 sets out the Health Board's response to our 2018 recommendations.

Background

5 The Health Board is still in targeted intervention under the NHS Wales Escalation and Intervention Framework. Escalation in 2016 reflected significant challenges in respect of the organisation's financial position, its ability to produce an approvable Integrated Medium Term Plan (IMTP) and concerns around specific aspects of its performance[1].

6 At the end of 2017-18, the Health Board reported a financial deficit of £32 million. Whilst within the agreed control total deficit of £36 million, it still contributed to a growing cumulative deficit which stood at £72 million at the end of March 2018. The Health Board was not able to produce an approvable IMTP and is therefore working to a one-year operational plan. The Health Board has also struggled to meet key Welsh Government targets, although recent improvements in some measures are evident, notably referral waiting times for cancer treatment. However, unscheduled care performance, such as waiting times in A&E, remains a challenge.

7 Our 2017 structured assessment acknowledged the fragility that existed at board level because of the major turnover of both executives and independent members. It also highlighted the on going challenges that the Health Board faced in respect of its finances and performance. It also recognised

[1] Targeted intervention performance areas include: unscheduled care, referral to treatment times (RTT), cancer, stroke, and healthcare associated infections (HCAI) rates.

that the appointment of new senior leaders and independent members gave the much-needed stability to achieve the turnaround required.

8 The most significant change this year is the Welsh Government's decision to change the Health Board's boundary, and transfer responsibility for the healthcare[2] of the Bridgend population to Cwm Taf University Health Board from 1 April 2019. For the purposes of this year's structured assessment, we did not review the Health Board's arrangements for the boundary changes and transfer of services.

9 As this report provides a commentary on key aspects of progress and issues arising since our last structured assessment, it should be read with consideration to our 2017 review.

Main conclusions

10 Our main conclusion is that with strengthened leadership, the Health Board is improving governance and strategic planning, whilst recognising that it needs to do more to strengthen quality governance and design a more coherent operating model for the organisation. The Health Board needs to continue its focus on managing workforce risks and improving performance and efficiency, but there are positive signs of resources being managed more strategically and of an evolving values-based approach.

11 The findings which underpin our overall conclusion are considered in more detail in the following sections. We describe factors that contribute to the Health Board's financial and performance position, as well as noting where improvements have been, or are being made. The Health Board has made progress against previous structured assessment recommendations but, in many areas, it needs to do further work to address them in full. This is also highlighted in the report and cross-referenced with a summary of overall progress against recommendations in Appendix 1.

Governance

The new Board is improving governance and leadership arrangements, although work remains to improve quality governance and whole system working

12 As in previous years, our structured assessment work has examined the Health Board's governance arrangements. We comment on the way in which the Board and its sub-committees conduct their business, and the extent to which organisational structures are supporting good governance and clear accountabilities. We also looked at the information that the Board and its sub committees receive to help them oversee and challenge performance and monitor the achievement of organisational objectives. We have drawn upon results from our survey of board members to help understand where things are working well, and where there is scope to strengthen arrangements.

[2] Healthcare services for the Bridgend population include those currently provided at the Princess of Wales Hospital, in addition to primary and community care, and mental health and learning disability services.

13 We found that **the new Board is improving governance and leadership arrangements, although improvements to quality governance and whole system working are required**.

Conducting business effectively

14 We looked at how the Board organises itself to support the effective conduct of business. We found that **the new Board is rapidly establishing itself as a cohesive team, and while arrangements to support board and committee effectiveness are generally good, Quality and Safety Committee arrangements require improvement.**

15 During 2018, two independent members and three new executives were appointed, bringing board membership to its full complement in November 2018. We have seen a new energy and sense of ambition at Board meetings, but also a realism about the challenges to get finances and performance to where they need to be. There is an openness to the Board's consideration of issues and its reporting. For example, the 2017-18 Annual Quality Statement reflects both improvements and good performance, as well as where the Health Board could do better. Responses to our board member survey also showed overall agreement that the Board is open and transparent in the conduct of its business.

16 The Board is still relatively new[3] but a focused development programme is helping to form an effective and progressive Board. There is a complementary range of independent member expertise and skills, with recent Welsh Government approval for a new Associate Board Member to bring additional clinical expertise to the Board. Also, the executive is fast becoming a cohesive team. In addition to new member induction and a programme of bi-monthly board development sessions, the Kings Fund is supporting a 12-month leadership programme to build collective leadership at board, executive and senior leadership team (SLT)[4] levels. A programme of board member walkabouts is being set up in each operational unit, replacing the previous 15-step challenge visits. The new arrangement, once established, should facilitate greater visibility of board members in service areas and amongst operational management teams, staff and service users.

17 Board administration is generally effective, with a workplan and action log in place and good debate and challenge observed at meetings. The majority (11) of board members responding to our survey said they 'always' or 'mostly' felt confident in their ability to effectively scrutinise and ask questions. Our survey also shows that two-thirds (9) of board members agreed that enough time is given to consider all agenda items. Fewer (6) agreed that the most important items appear first on the agenda. Keeping the agenda to a manageable size is a difficult challenge given the breadth of business and the Health Board will need to keep its agenda management under review.

18 Formal Board and committee self-assessments were deferred in the early part of 2018 to allow a settling-in period for the new memberships, but these are now restarting. However, survey responses indicate that the Board has considered the effectiveness of its operation and governance arrangements during the year. Mechanisms include board development sessions, meetings of the Chair's group of committee chairs, and the work to develop a Board Assurance Framework. A recent

[3] Ten of the 14 respondents to our survey had been in post less than two years, with five for less than a year.

[4] Senior leadership team: the executive and triumvirate management teams for each of the six delivery units.

Internal Audit review of the Corporate Governance Code[5] has also given substantial assurance on Board and committee arrangements.

19 The Board has reviewed its committee structure and memberships, and updated terms of reference accordingly (Recommendation 5). The key change has been the introduction of a Health and Safety (H&S) Committee to address a scrutiny and assurance gap. We found a generally good flow of assurance and strengthened scrutiny at both the Audit and Performance and Finance Committees, with action logs and workplans in place. Work to re-frame the agenda and focus of the Workforce and Organisational Development (Workforce and OD) Committee has moved forward positively, but there are weaknesses in the operation of the Quality and Safety (Q&S) Committee. Specifically, for the committees we observed:

- **Audit Committee**: A strong committee with a proactive chair driving and challenging the pace of governance and improvement actions, and appropriate cross-referral of issues to other committees. Officers attend meetings to account for progress, and there is active challenge if the quality of information does not sufficiently articulate risks or give required assurances. The Committee is clear in its role of providing assurance to the Board on the effectiveness of systems of assurance and controls and is overseeing the development of the Board Assurance Framework and new risk management arrangements.
- **Performance and Finance (P&F) Committee**: While still relatively new, the Committee is quite mature in its operation, with an organised agenda and workplan and good challenge and scrutiny. In addition to maintaining focus on targeted intervention performance areas, the Committee's remit spans the Health Board's wider service performance (Recommendation 12), although there is still scope for a stronger focus on primary and community care. The Committee and its Chair have also played a key role in directing improvements to performance dashboards and reporting.
- **Workforce and OD (WFOD) Committee:** In 2017 we found that the Committee's agenda was too operational and needed a stronger focus on strategic issues and risks. This year:
  - the Director of Workforce and OD has completed an assessment of workforce risks;
  - the executive board established a Workforce and OD Forum to oversee the operational agenda and give timely assurance to the Committee; and
  - the Committee has refocussed its agenda and workplan (Recommendation 7).

  While these changes are new, and arrangements are not yet fully embedded, we observed a well-structured, focussed Committee meeting in November, with good scrutiny and challenge. The workforce risk register provided a good narrative on actions and progress against each risk. Consideration is now being given to re-aligning workforce topics and information currently received by other committees into the re-shaped WFOD Committee.
- **Quality and Safety (Q&S) Committee**: Lack of continuity in key executive posts and the pace in establishing a fully effective Quality and Safety (Q&S) Forum have hampered the work of this Committee. Recent substantive appointments for Director of Nursing and Patient Experience and Medical Director now bring executive stability to better inform and support the work of the

[5] Assessment of conformance of Board and Committee arrangements with relevant principles of HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2016.

Committee. Attendance by the Chief Operating Officer (COO) and Director of Workforce and OD should also enable better connections across clinical, delivery and workforce considerations for the quality and safety of services. However, there are important aspects of the Committee's operation that need strengthening. The Health Board recognises this and is reviewing the Committee's arrangements and operation. Key improvement areas identified include:

– rebalancing the work plan, for more systematic coverage of key aspects of quality governance, including closer oversight of the quality strategy and implementation of agreed quality priorities, both of which are due for updating.
– improving pre-meeting agenda management, with briefing of the Committee Chair and review of papers, so that there is clarity on the purpose of items presented.
– providing a stronger risk-based approach to scrutiny of issues. We observed open and engaged discussion at meetings and proper recognition of positive improvements; but also, some missed opportunities for challenge, scrutiny and identification of risks.
– ensuring the format of papers is consistent with the recently introduced template and that the content provides clearer identification of risks and assurances. This includes reports from the Quality and Safety (Q&S) Forum.

Each operational unit makes a detailed annual presentation to the Committee on its quality governance. However, the Committee receives little information on unit issues during the rest of the year, with limited coverage in Q&S Forum reports. The Committee has recently looked to address this, requesting regular unit exception reports.

20 We comment further on both the Q&S Forum and the performance information provided to committees and Board in discussing the system of assurance and internal controls (paragraphs 30 and 33).

Managing risks to achieving strategic priorities

21 We looked at the Board's approach to assuring itself that risks to achieving priorities are well managed. We found that **the Health Board is developing a new Board Assurance Framework designed around principal risks to strategic objectives, as well as refreshing the corporate risk register and improving risk management arrangements**.

22 Extant risk and assurance systems have operated whilst a new Board Assurance Framework (BAF) is developed. The BAF design is centred on the principal risk to achieving each organisational objective. The framework developed includes controls and assurances for each principal risk, the lead executive and assuring committee, and actions needed to address gaps in controls and assurance. The BAF also incorporates a mechanism for rating the effectiveness and adequacy of controls and assurances and links the corporate and operational risks that relate to the principal risk and its risk rating. The Health Board has taken a systematic top-down and bottom-up approach to developing the BAF with:

- board members engaged in agreeing the new BAF approach and considering risk management;
- mapping of corporate and operational risks against each objective and principal risk; and
- pilot work in the Primary Care and Community Unit during the BAF design phase, to test the fitness of the draft framework for operational use.

23 Alongside the BAF development, the Health Board has also been overhauling its risk management arrangements and risk registers to ensure the BAF is based on accurate and reliable information on

current risks and assurances. Executive portfolio risk registers have been introduced, with the new workforce register providing a good example of executive ownership of risks. Delivery units are also reviewing operational risks with a focus on those scored[6] at 16 or higher, and arrangements established for escalating risks to the corporate risk register (CRR). Historic risk entries on the CRR are being closed where appropriate following executive sign-off, and new risk entries considered, including risks such as Brexit and the Bridgend population transfer.

24 The Audit Committee has overseen and challenged the pace and progress of work to complete the review of risk registers and to populate the redesigned CRR. This meant that the Committee was unable to properly scrutinise corporate risks at its November 2018 meeting, although it received a working draft of the redesigned CRR. The Health Board is now concentrating on ensuring the reviewed risks are transferred into the new format CRR during December 2018. The new, fully populated BAF and CRR are expected to be in place by January 2019. The Board Committees will receive the relevant parts of the BAF and CRR on a quarterly basis for oversight and scrutiny (Recommendation 10). The Health Board will need to establish a process to regularly review and refresh the BAF to ensure continued alignment with new organisational objectives and risks.

25 The current risk management strategy and framework continue to apply but will be reviewed again on completion of the BAF and the overhaul of risk registers. Work to re-shape risk management arrangements includes:

- establishing a risk management group to ensure consistency in the application of the risk framework and risk assessments;
- agreeing a risk escalation process to enable the Senior Leadership Team to escalate risks from delivery units to the CRR;
- development of a 'simple guide' to risk management for operational teams;
- testing new software to strengthen governance arrangements around the risk process as part of a pilot project across the UK;
- assessing each strategic risk against the Board's current risk appetite, making recommendations to SLT. It is proposed that the Board reviews its risk appetite in quarter four, and considers the SLT recommendations; and
- deciding to move responsibility for the corporate risk process to the Director of Corporate Governance early in 2019, given the alignment with the BAF. Responsibility for the management of clinical risk will remain with the Director of Nursing and Patient Experience.

Embedding a sound system of assurance and internal control

26 We examined whether the Health Board has an effective system of internal control to support board assurance. We found that **internal controls are generally effective, but clinical audit and the Quality and Safety Forum have yet to fully contribute to the system of assurance**.

27 The Health Board has reviewed its Standing Orders (SOs) and Scheme of Reservation and Delegation of Powers. Changes reflect revisions to executive portfolios (described in paragraphs 39 and 40) and recognise the Director of Nursing and Patient Experience as the Designated Person under the Nurse

[6] Risks are assessed for their likelihood and impact, with those scoring 16 or above added to the CRR.

Staffing Levels (Wales) Act 2016. A schedule setting out the capital delegations (Recommendation 4) has been developed and approved by the Audit Committee in November 2018.

28 We considered the work of Internal Audit and the Local Counter Fraud service. We found a well-focussed programme of work for each service with effective approaches for reporting assurances or concerns. Good progress had been made during 2017 to review the 728 recommended matches from the National Fraud Initiative (NFI) data-matching exercise. No fraud was identified, and the review of data matches provided assurance that counter-fraud arrangements were working effectively. However, during 2018, there was slippage in reviewing the remaining 33 matches between payroll, creditor payments and Companies House. The review is scheduled to take place in December. The Health Board has recently provided data for the 2018-19 NFI exercise and it should put an action plan in place to ensure the matches it receives in January 2019 are prioritised for review and investigated in a timely manner where necessary.

29 We also looked at how clinical audit contributes to the system of assurance. We found that whilst the Health Board participates in the national clinical audit programme it could make more effective use of local clinical audit to provide key assurances on quality and risks. Our work also indicates that assurance reporting from the Clinical Outcomes Group (COG) to the Q&S Committee has been limited. The Health Board recently stood down the COG and formed a new Clinical Senate, which will, amongst its wider remit[7], oversee clinical audit. The Health Board is currently reviewing the contribution of clinical audit to its assurance framework. The review findings are due to be discussed at the inaugural meeting of the Clinical Senate Council in December 2018.

30 The executive-led Quality and Safety (Q&S) Forum, established in 2017, has a key role in quality governance and assurance. The Health Board has completed the mapping of groups reporting to the Forum, and further work is now underway to: simplify the sub-groups; review terms of reference; and develop reporting schemes (Recommendation 6). There has been some improvement to meeting attendance and reporting to the Forum, although this is not yet consistently regular. Our work also indicates that reports to the Q&S Committee need to more explicitly highlight risks and assurances. The Health Board is planning to review reporting to the Q&S Committee alongside its review of the Forum's terms of reference. The role of Forum Chair is to pass to the Director of Nursing and Patient Experience. This is an opportunity to bring fresh perspective, but it is important that momentum is maintained to ensure the Forum quickly becomes effective in its operation. Other changes being taken forward are:

- shifting the Learning and Assurance Group remit to focus on sharing learning;
- agreeing where clinical policies are to be ratified – Clinical Senate or Q&S Forum; and
- developing the role of the new Clinical Senate and its contribution to quality governance and the setting of quality priorities for 2019-20.

31 The Q&S Committee receives regular information on patient experience and a range of quality metrics through different reports. These include the quality section of the Health Board's Integrated Performance Report and a Quality and Safety Dashboard. Many of the indicators are the same, although presented differently and with varying detail. A Ward to Board dashboard of core quality indicators is also in development, although this work has been ongoing for some time. Whilst the

[7] The Clinical Senate's remit includes strengthening clinical leadership and providing a clinical 'voice'.

Committee has access to relevant quality metrics and performance information, there is scope for the Committee to agree its information requirements and the way in which they are reported, to avoid unnecessary duplication or gaps. This needs to account for the quality priorities currently being developed. The Health Board also indicates an intention to develop a Quality Assurance Framework and Quality Improvement Hub. Whilst a detailed review of quality governance was not within the scope of our work, we understand that the Health Board is investigating some emerging quality concerns at the Princess of Wales Hospital.

32 The Health Board has implemented a detailed improvement plan for the management of serious incidents following a Delivery Unit (DU) report in April 2018[8]. The DU follow-up report issued in December 2018 noted improvements to investigation processes and sharing of learning. It also highlighted areas where further work is needed, including operational aspects of the Q&S Committee and Q&S Forum, which we have also commented on in paragraphs 19 and 30. There is also more to do to ensure timely serious incidents closure reporting to the Welsh Government. In respect of **Putting Things Right**, the Public Services Ombudsman saw increases in the number of complaints referred to and investigated by his office last year, with scope for the Health Board to improve its complaints handling. As at August 2018, the number of formal complaints received by the Health Board had not reduced but the Health Board was meeting the Welsh Government target for responding to concerns (complaints and incidents) within 30 working days. The Health Board will need to maintain its focus on improving informal resolution of concerns through, for example, its Patient Advice and Liaison Service.

33 Last year we identified the need for the Health Board to improve its Integrated Performance Report (IPR) (Recommendations 13 and 14) and clarify accountabilities for reporting (Recommendation 15). The Assistant Director (Performance) now reports directly to the Chief Executive and next steps are to clarify the role of informatics and where business intelligence sits. The IPR has been revised, with the Board agreeing the format, required delivery trajectories for 2018-19 and the assurance and escalation arrangements, as part of the approval of the Annual Operating Plan. In addition, a digitally-enabled Balanced Scorecard is being developed to give greater insight across indicators and enable better interrogation of performance at Health Board and delivery unit levels. Current performance information is largely sufficient to inform scrutiny and decision making, particularly for key Welsh Government targets. However, there is still limited detail on commissioned, primary care and partner provided services. Findings from the board member survey indicate good understanding on financial performance but identify gaps in understanding for other areas, including service quality and care outcomes (Exhibit 1).

Exhibit 1: percentage of board members agreeing that the information that they receive gives them a good understanding about how well the organisation performs

Aspects of performance	Health Board (%)	Wales average (%)
Operational delivery	78	86
Service quality	61	80
Financial performance	93	97

[8] Intervention into Systems and Processes for the Management of Serious Incidents.

Aspects of performance	Health Board (%)	Wales average (%)
Workforce productivity	50	40
Service efficiency	57	52
Care outcomes	50	47
Patient experience	57	64

Source: Wales Audit Office Board Member Survey 2018

34 Operational performance management arrangements have remained largely the same as last year. The COO and Director of Finance hold fortnightly reviews with delivery units, but with an increased emphasis on unit accountabilities (Recommendations 2b and 11). The focus of meetings alternates between finance and savings, and targeted intervention performance and finance. There are also quarterly performance reviews with executives and an independent member, covering all aspects of performance and quality. However, the number and frequency of meetings consume much management capacity and this is not sustainable long term. The Health Board has not yet updated its performance management framework since 2015 but confirms that redesign of the framework will be part of wider work to develop the organisation's operating model in 2019. The Health Board recognises that the revised arrangements need to make accountabilities clearer, help incentivise performance and reflect earned autonomy for delivery units relative to their performance.

35 The Health Board has developed an integrated governance action plan (Recommendation 3), and it has a well-established system for tracking internal and external audit recommendations. Reports to the Audit Committee highlight progress and show how long actions take to address recommendations. This information informs the Committee's scrutiny and holding to account of officers on progress and pace. The Q&S Committee receives findings from clinical and quality related inspections, reviews and audits, but it does not have a tracking system to monitor progress against any improvement actions. The Health Board intends extending its tracking arrangements to address this gap.

36 In line with good practice, the Health Board has separate Caldicott Guardian, Chief Information Officer (CIO) and Senior Information Risk Officer (SIRO) roles, but the CIO role is currently filled on an interim basis until April 2019. There is a well-established Information Governance Board (IGB), which steers information governance (IG) work and reports regularly to the Audit Committee. The IGB is an effective forum for driving the IG agenda, but its focus appears too operational to fully support the Health Board's wider digital ambition. Going forward, the Health Board will need to consider how to ensure sufficient strategic oversight of its digital plans. In establishing the substantive CIO arrangements, it also needs to consider how to ensure a strong clinical voice on information at Board.

37 The Health Board's IG strategy is supported by relevant policies; risk management arrangements, training and audit programmes. Benchmarking, the Caldicott-Principles into Practice (CPiP) self-assessment and the Information Governance Toolkit are used to improve performance. The Health Board has also made good progress in addressing previous Information Commissioner's Office recommendations. The Health Board implemented a General Data Protection Regulations (GDPR) workplan in January 2018 and invested in additional information governance staff. As a result, entries onto information asset registers have tripled during 2018. IG training compliance has also significantly

increased[9] but the drive to reach a 95% compliance target continues (Recommendation 16). The Health Board anticipates being fully compliant in 50 of its 59 GDPR workplan tasks by the end of 2018. The Health Board is also acting on the findings from a Stratia review of cyber-security, for example, in resolving the timeliness of patching and replacement of out-of-date systems and software. There are recruitment challenges in this field and the Health Board does not have a cyber security manager. The Health Board is being proactive in growing its capacity, engaging with the NHS Wales Informatics Service and the University of Wales to establish a cyber-security apprenticeship.

Ensuring organisational design supports effective governance

38 We looked at how the Health Board organises itself to deliver strategic objectives collectively while ensuring clear lines of accountability. We found that **with strengthened leadership, attention is now focussed on building more effective whole system working and clear accountabilities across the organisation, but the impending boundary change is stretching capacity in the short term.**

39 There has been no change to the operational structure of six delivery units since our last review. However, there has been significant change to the executive team, in terms of its membership and lines of accountability across individual portfolios. Substantive appointments to the Medical, Nursing and Workforce Director posts this year have significantly strengthened the team. The Chief Executive has reviewed executive portfolios to better balance the spread of responsibilities. Transfer of responsibilities and changes to reporting lines include:

- health and safety – transfer to the Director of Nursing and Patient Experience;
- facilities and estates, and therapies – transfer to the Chief Operating Officer;
- corporate risk management – transfer to the Director of Corporate Governance; and
- a direct reporting line for performance management and information to the Chief Executive.

40 The executive portfolio scheme is currently being finalised. The Health Board will need to make sure that changes to be introduced, for example, risk management, are reflected in the Scheme of Delegations as necessary. The rebalancing of portfolios has been particularly important for enabling the Director of Strategy to focus on strategic planning. However, the draft scheme shows a seemingly smaller portfolio for Public Health compared to other executive portfolios and there is no dedicated executive responsibility for primary and community care.

41 Last year we commented on the steps taken to streamline a complex programme architecture, particularly in relation to commissioning and delivery arrangements. We also highlighted the need to confirm connections, accountabilities and reporting lines between the various programme boards, delivery units and scrutiny committees (Recommendation 9). Our work this year found a stronger senior leadership team approach developing between executives and unit triumvirate management teams. However, a number of issues are still hampering effective whole system working across the organisation. These include:

- different ways of doing things across units, including unit governance and operating procedure;

[9] IG training compliance reached 60% in April 2018, an 88% increase from 12 months previously. In August 2018, it had reached 74%.

- a need to clarity how units share accountability for whole system performance and relate to corporate functions;
- continuing complexity of programmes, boards and workstreams, which need clearer connections; and
- some concern about the management capacity required to service the meetings associated with multiple programmes, overlaid with those for performance management.

42 The Health Board recognises these challenges, and, in September 2018, it appointed a Transformation Director with Welsh Government targeted intervention support. The new role is to provide leadership in developing a transformation programme and approach that ensures that all the change programmes and effort within the organisation are aligned. In the short term, the role also provides executive capacity and focus on the challenging Bridgend population transfer and boundary change project. While preparations for the boundary change are taking up significant capacity at present, progress is being made in designing the transformation programme: 'Fit for the future'. Key objectives for this work include:

- defining how the Health Board does business – developing a single operating model for (ie one way of doing things), including the Health Board's performance management framework; and
- delivering on ambition – designing the system for clear accountability, interfaces, and better whole system responses to change and for improving efficiency and performance.

43 The rationale and principles for organisational change have recently been presented to the Senior Leadership Team at a Kings Fund facilitated development session. The work, which is still in its early stages, appears well thought through and incorporates the issues we have identified in this and previous structured assessment work. Importantly, 'Fit for the future' recognises the need to move from the current position of multiple disparate programmes, by rationalising and establishing better connections. Programmes include: the planned care, unscheduled care and cancer improvement boards; strategic programmes such as ARCH[10]; values-based healthcare; and the Recovery and Sustainability programme and its seven work streams.

44 The Recovery and Sustainability (R&S) programme has served the Health Board well in providing a focus on the financial and performance issues associated with targeted intervention. However, lack of collective ownership, clear unit accountabilities and linkage to unit delivery plans have impacted on the pace for delivering some of the executive led workstreams (Recommendation 11). The transformation programme brings an opportunity for the Health Board to consider how R&S can be mainstreamed, and its principles embedded in everyday business.

45 The Health Board has developed a clear understanding of what needs to be done and is taking positive steps to achieve this. However, during our interviews, we have been consistently told about capacity constraints due to the immediate need to plan and prepare for the Bridgend transfer. Within this context, the Health Board is making reasonable progress in developing its organisational change programme but has much more to do. The recent losses of senior and middle management at Princess of Wales prior to service transfer are also creating a challenging management situation. Meanwhile, the impact of the boundary change on funding and corporate functions is still being worked through. Whilst we have not conducted any benchmarking of corporate teams as part of our

[10] ARCH: **A Regional Collaboration for Health**

work, the corporate governance, risk management and workforce functions appear to have limited capacity for the scale of improvement work currently underway in these areas.

Strategic planning

Whilst working to an annual plan, the Health Board is showing ambition in developing its longer-term strategic planning but will need to ensure sufficient capacity to drive through the necessary change

46 Our work examined how the Board sets the strategic direction for the organisation and plans for the short, medium and long term. We also assessed how well the Health Board plans how it will achieve its objectives, and whether there are effective arrangements to monitor progress in delivering its plans. We found that **whilst working to an annual plan, the Health Board is showing ambition in developing its longer-term strategic planning but will need to ensure sufficient capacity to drive through the necessary change.**

Setting the strategic direction

47 We looked at how the Board goes about setting its priorities in engagement with key stakeholders and whether agreed objectives are defined in strategic plans. We found that **the Board is setting a clear vision for the organisation and showing commitment and ambition in developing its longer-term strategy and clinical services plan.**

48 The Health Board has developed several strategies specific to services or population groups over the last two years, including mental health, older people, and children and young people. It has also progressed strategic changes through the ARCH programme. However, the Board has not previously set out an overarching statement of its long-term vision and direction for the organisation. In addition, the 2013 clinical services strategy, Changing for the Better (C4B), needed significant redevelopment to recognise the changes to the landscape within and outside of the Health Board (Recommendation 8).

49 During 2018, the Board has focussed on developing its vision for the organisation, expressed through a 10-year organisational strategy (the strategy) and supported by a five-year clinical services plan (CSP). Board members have actively engaged in setting the strategic aims and objectives through a series of Board development sessions. The Board approved the draft strategy at its November meeting, together with the organisational wellbeing objectives. Population health has shaped the strategy, which also recognises: the principles of values-based healthcare; key legislation (such as the Wellbeing of Future Generations Act (WFG), and Social Services and Wellbeing Act); the **Parliamentary Review of Health and Social Care**; and **A Healthier Wales**[11]. The strategy sets out the Health Board's long-term purpose, ambition and strategic aims, with eight enabling objectives. It also recognises finance as an enabler rather than an end in itself.

50 The Clinical Services Plan (CSP) will set out the shape of clinical services and the changes needed over the next five years. Its developement has run alongside that of the strategy to ensure coherence

[11] **A Healthier Wales: our Plan for Health and Social Care, Welsh Government. 2018**

and alignment but presents an extremely challenging task in terms of timescales[12], complexity and organisational capacity. The Health Board has commissioned Capita to provide capacity and expertise, particularly for service demand modelling. The work has needed to take account of regional service provision, and changes for the Princess of Wales Hospital and other healthcare services provided for the Bridgend population, due to transfer to Cwm Taf University Health Board in April 2019.

51 Development of the CSP has been driven through three clinical redesign groups: surgical, unscheduled care and regional services. The group work concluded in November and identified options for system reconfiguration. At the time of our fieldwork, detailed modelling and development of prioritisation criteria were underway. These were due to be shared with the Board prior to the Clinical Senate prioritising the preferred options for reconfiguration in December. The executive will review the prioritised options and plans to make recommendations to the Board in January 2019.

52 The Health Board continues to engage with statutory partners and stakeholders on its strategy and CSP. The full public consultation which informed the previous clinical strategy (C4B) was not repeated, as the Health Board assessed the principles to still be valid. The clinical redesign work has been clinically led with staff and partner involvement. Wider engagement has been through meetings with teams, a 'Have Your Say' programme and FAQ (Frequently Asked Questions) bulletins. We observed good participation in the redesign workshop that we attended. However, we observed poor attendance at a drop-in engagement session, which suggests that more work is needed to secure full clinical engagement with the CSP.

53 There is good partnership working with Hywel Dda University Health Board, with established regional planning arrangements through ARCH and also a Joint Regional Planning and Delivery Committee. Both health boards have worked together to align the regional planning with their respective plans for clinical services. A schedule of wider stakeholder engagement on current strategic planning is in place, which includes the Regional Partnership Board (RPB) and Community Health Council. The Health Board's relationship with the Community Health Council (CHC) is generally positive and constructive, and an engagement plan agreed in 2017 is used to frame engagement and consultation work. The Health Board will need to continue to work closely with the CHC in 2019 to ensure effective consultation on CSP service changes as appropriate.

54 The Health Board sees engagement and partnership as extremely important but recognises that it can do more to better manage relationships, broaden its approaches and further its collaborative working. For example, our Integrated Care Fund work indicates that the statutory RPB partners feel that partnership has not always been at the top of the Health Board's priorities. With targeted intervention support from the Welsh Government, the Health Board appointed a Chief of Staff in September 2018 to improve its approach to working and engaging with the public, partners and other stakeholders.

Developing strategic plans

55 We considered the Health Board's approach to developing its annual operating plan and three-year IMTP, and whether appropriate service, finance and workforce plans underpin the approach. We found

[12] The Health Board intends submitting its ten-year organisational strategy, five-year clinical services plan and three-year IMTP for Board approval in January 2019.

that **the Health Board is working to produce an approvable three-year integrated medium-term plan for 2019-2022**.

56 The NHS Wales (Finance) Act 2014 places a statutory duty on the Health Board to produce a three-year IMTP. For the past two years, the Health Board has been unable to produce a financially balanced IMTP and it agreed with the Welsh Government to work to annual operating plans (AOPs). The AOPs for 2017-18 and 2018-19 were supported by annual workforce, financial, IT and capital plans. The Health Board is currently developing its AOP for 2019-20 and an IMTP for 2019-2022 which it sees it as the route map for implementing the first three years of the organisational strategy and clinical services plan. The Health Board has aligned the planning processes for each, set out a well-defined timetable and provided the Board with regular updates on processes and progress. The timescales are ambitious but at the time of our fieldwork, key milestones appeared to be on track.

57 Following planning workshops, delivery units have been required to complete a series of templates to underpin the IMTP. These include the need to consider delivery against key performance targets, finance, workforce and targeted intervention improvement requirements. During November and December 2018, a range of central planning activity has focussed on: finalising demand and capacity modelling; setting performance trajectories; assessing delivery unit plans for strategic fit and feasibility; and integrating the detail across workforce, finance, capital and service plans. The Board is due to receive the 2019-20 AOP for its approval in January 2019, together with the narrative for the IMTP which the Health Board intends to submit for approval later in 2019. Welsh Government approval of the IMTP during 2019-20 will be dependent on whether the three-year plan is financially balanced and viable in terms of required performance.

58 The overall planning framework appears reasonable with steps in place to align supporting plans. Commissioning intentions have been set out and a longer-term financial plan with greater focus on sustainability and transformation is emerging. Workforce planning has been better supported this year, with a toolkit and training for some operational managers, but for the long term, more pace in progressing workforce redesign will be needed. The Health Board is aware that existing strategies, such as digital, older people, children and young people, and mental health, will need to be appropriately aligned with the IMTP and support the longer-term organisational strategy and clinical services plan.

Monitoring delivery of the strategic plan

59 Finally, we looked at arrangements to monitor implementation of strategic plans and supporting strategic change programmes. We found that **there is good monitoring of annual plan delivery and work is planned to develop measures for new longer-term plans but capacity to deliver significant change is a challenge**.

60 Delivery against the annual operating plan (AOP) receives scrutiny at each meeting of the Performance and Finance Committee. Key performance measures relevant to the AOP are included in the integrated performance report. The Committee also receives quarterly progress reports which are RAG rated to identify whether delivery on each action is on track. Regular executive-led performance reviews with delivery units also consider performance against the annual plan.

61 The Board receives quarterly AOP progress reports. Board member survey responses show that:

- ten out of 14 (71%) agreed that information gave a good understanding of performance against annual plan delivery, compared to 90% across Wales; and
- nine out of 14 (64%) agreed that information gave a good understanding of strategic change programme delivery, compared to 83% across Wales.

With the move to a ten-year strategy, a five-year clinical services plan and a three-year IMTP, the Health Board needs to make sure that progress against plans can be measured against clear milestones and the information presented meets the needs of the Board. The Health Board reports that the outcome measures to deliver the ten-year strategy will be addressed through the IMTP and that executive director leads have been confirmed for each of the enabling objectives. The Health Board is also aware that it will need to define the portfolio of change programmes, critical paths and the measures of success for delivering the clinical services plan.

62 Our work in 2017 highlighted the need for the Health Board to consider programme management arrangements and capacity to support strategic plans and service change (Recommendation 17). We found little change this year. Pockets of programme and change management resources or skills exist but these remain unco-ordinated and are not supported by a programme management office or consistent methodology for managing projects and programmes. The Health Board's organisational change programme (described in paragraphs 42 and 43) recognises the necessity of determining how to support effective and sustainable change and transformation going forward.

Wider arrangements that support the efficient, effective and economical use of resources

There are signs of the Health Board managing its resources more strategically with an evolving values-based approach, but finance, performance and efficiency challenges remain with workforce and asset management presenting key risks

63 Efficient, effective and economical use of resources largely depends on the arrangements the organisation has for managing its workforce, its finances and other assets. In this section we comment on those arrangements, and on the action that the Health Board is taking to maximise efficiency and productivity. We examine if the Health Board is procuring goods and services well.

64 We found that, **there are signs of the Health Board managing its resources more strategically with an evolving values-based approach, but finance, performance and efficiency challenges remain with workforce and asset management presenting key risks**.

Managing the workforce

65 The workforce is the Health Board's biggest asset, not least because pay represents such a significant proportion of expenditure. It is important that the workforce is well managed and productive because staff are critical for day-to-day service delivery and for delivering efficiency savings and quality improvements. We found that **the Health Board faces some significant workforce risks but is making progress despite some ongoing challenges.**

66 There is now much needed stability within the Workforce and Organisational Development (WFOD) team with the appointment of a new Workforce and Organisational Development Director in April 2018. Shortly after taking up post, the Director carried out a stocktake of workforce risks and challenges faced by both the WFOD team and the Health Board. The reduction in WFOD team capacity since 2009 through previous corporate savings programmes is seen as having had a detrimental impact on a wide range of workforce issues and performance. Responses to our survey indicate that only three out of 14 (21%) board members were confident that the way staffing resources are managed within the organisation achieves value for money compared with 49% across Wales.

67 The executive board has established a Workforce and Organisational Development Forum to ensure systematic and consistent operational management of workforce and organisational development issues across the Health Board. The Workforce and Organisational Development Committee received the Director's stocktake in August 2018 and is monitoring progress against the actions put in place to address the risks and challenges identified. Additional short-term resourcing has been secured for key improvement work which includes: employee relations; organisational culture and engagement work; and implementation of the 'Bridges' leadership development programme. The report on risks and actions presented to Committee in November indicates significant progress, with improvements made in 14 of the 25 risk areas over the previous three months. However, there remains much more to do.

68 The WFOD team are also managing the impending transfer of approximately 4,000 staff to Cwm Taf University Health Board as part of health board boundary changes from April 2019. This work is urgent and vital, but places significant demands on the WFOD team. The WFOD team are also key contributors to the workforce delivery workstream of the Recovery and Sustainability Programme. This workstream is intended to address three key issues: improving the rostering system and standardising shift patterns; improving employee health and wellbeing; and reducing the need for variable pay because of sickness absence or vacancies for example.

69 The table in Exhibit 2 sets out how the Health Board is performing in relation to some key measures compared with the Wales average. The data shows that the Health Board's performance compares less favourably with the Wales average across four of the five measures.

Exhibit 2: performance against key workforce measures[13]

Workforce measures	Health Board	Wales average
Sickness absence	5.85%	5.3%
Turnover	8.1%	6.9%
Vacancy	2.1%	2.6%
Appraisals	60.4%	67%
Statutory and mandatory training	59.5%	73%

[13] Sickness: rolling 12-month average at July 2018; Turnover: 12-month period July 2017 to June 2018; Vacancy: advertised during July 2018; Appraisal: preceding 12 months at July 2018; Statutory and mandatory training: at July 2018.

Source: NHS Wales Workforce Dashboard, Health Education and Improvement Wales, July 2018.

70 The Health Board's 12-month rolling average sickness absence rate was 5.8% in July 2018, compared to 5.3% in July 2017. Sickness absence cost the Health Board £24 million in salary costs for absent staff between May 2017 and June 2018. As part of the workforce delivery workstream, the Health Board has implemented several initiatives to help understand, manage and reduce sickness levels. Initiatives include best practice case studies to share learning and developing long-term sickness absence guides for managers. Given the increase in sickness rates these initiatives have yet to take effect.

71 Mental-health-related sickness accounts for one in three episodes of long-term sickness and the 2018 NHS staff survey found that levels of work-related stress had worsened. Just over a third (35%) of staff reported that they 'were injured or felt unwell' because of work-related stress during the past year, up from 28% in 2016. The Health Board has introduced staff counselling and launched the Staff Wellbeing Advice and Support Service. Training is also available for managers on understanding mental health in the workplace and for assessing work-related stress using the Health and Safety Executive stress management standards. The Health Board signed the 'Time to Change Wales'[14] pledge in February 2016 and has developed nearly 200 Wellbeing Champions and Mental Health Champions to help enable conversations about mental health in the workplace. It is however, too early to assess the impact of these initiatives on sickness levels.

72 The staff turnover rate is higher than the Wales average (8.1% and 6.9% respectively). However, over the last 12 months, turnover reduced by 1% and the number of staff leaving within 12 months of their start date reduced by 18%. Last year, the Health Board was collating monthly figures on leavers to identify hotspots and the reasons why staff were leaving but has identified that it does not have a consistent way of conducting exit interviews. Several hotspots still exist where turnover is problematic, particularly for nursing staff leaving within two years of their appointment. The nursing directorate has recently completed a three-month pilot of a shortened exit interview questionnaire, and data from the pilot are being used to identify themes for action. The Health Board is also deciding whether to roll out the shortened exit questionnaire and/or use the exit interview function available within the electronic staff record system (ESR), or to seek a commercial IT solution. In implementing a consistent approach for identifying reasons for leaving the organisation, there may also be opportunities for reconsidering the timing of exit interviews to explore possible options for retaining individuals before they leave.

73 Health Board data show that there were 1,004 WTE vacancies in July 2018, mostly relating to nursing or medical posts. Only one in three (32%) staff responding to the 2018 NHS staff survey felt that there were enough staff at the Health Board for them to do their job properly. The Health Board is using several approaches to attract and recruit staff, including: international recruitment; Apprenticeship Academy and 'growing our own'; and action to streamline recruitment processes. Despite the large number of vacancies, the Health Board's expenditure on bank and agency staff reduced by 19% from £24 million in 2016-17 to £19.5 million in 2017-18. This reduction likely reflects the Health Board's focus on stopping the use of off-contract agency staff. Expenditure on bank and agency was 3.1% of the total pay bill in 2017-18, compared with 3.7% across Wales. Between April and July 2018, agency

[14] Time to Change Wales is a social movement working to end the stigma and discrimination experienced by people with mental health problems.

expenditure has fluctuated between 2.6% and 3.7%. Just under half (45%) of bank and agency use was to cover vacancies and a further 23% to cover sickness absence.

74 The Health Board has taken a pragmatic approach to responding to the requirements of the Nurse Staffing Levels (Wales) Act 2016, with nurse staffing levels assessed using the required triangulated methodology. The Health Board identified that an uplift of 52.26 whole-time equivalent (WTE) registered nurses and 135.61 WTE Healthcare Support Workers was needed across 38 wards, at a cost of £5.4 million. The Health Board recognises that an accelerated focus on recruiting the quantum of staff needed could destabilise other care sectors, as well as having financial consequences. Instead, a phased risk-based approach is being taken, focussing on high-risk ward areas first.

75 There is ongoing work to improve compliance with the annual personal appraisal and development review process (PADR). The Health Board's compliance for non-medical and non-dental staff was 60% and the worst in Wales in July 2018. Whilst still well below the 85% target, compliance had increased to 67% in November. Compliance with medical/dental appraisal was 93%. The Health Board is confident that actual PADR compliance is higher than reported figures because not all appraisal information is routinely captured on ESR. This assertion is supported by the 2018 NHS Wales staff survey findings in which 82% of staff reported having had a PADR in the last 12 months, compared with 69% in 2016.

76 Health Board compliance with statutory and mandatory training (ie the core skills training framework) is improving but remains well below the 85% target (Recommendation 18a). At July 2018, compliance was 59% compared with 44% in July 2017. More recent Health Board data indicates overall compliance had increased to 71% in November through a number of actions, such as staff group specific training and bi-weekly e-learning drop-in sessions. The 2018 NHS staff survey, however, found that just under two-fifths (39%) of staff felt that they had sufficient time at work to complete statutory and mandatory training compared with 42% in 2016. The Health Board has indicated that to improve and maintain compliance it needs to ensure the correct use of the ESR self-service portal by staff and needs investment to facilitate system-wide sustainable improvements. Data submitted to HEIW shows that, to date, there is limited roll-out of the ESR with only 36% of staff with an active ESR self-service account (Recommendation 18b). The Health Board plans to transfer management of the ESR system from the finance directorate to the workforce directorate in 2019.

77 Progress on consultant job planning has been historically slow. In 2017, the Health Board committed to roll out out e-job planning across all delivery units as the vehicle for conducting and recording job planning. The extent to which e-job planning has rolled out varies across delivery units but no delivery unit is fully operational. This has implications for having readily available and accurate job planning data. The Health Board has recently secured Invest to Save funding to complete the roll out of e-job planning as an essential part of the digital workforce strategy and for quality assurance. The Health Board has also introduced revised job planning guidance and plans to scrutinise the jobs plans for every Consultant and specialty and associate specialist (SAS) doctor to check accuracy and completeness and ensure value for money. The Audit Committee continues to seek assurance and to scrutinise progress to ensure every consultant and SAS doctor has an up-to-date job plan.

78 Responsibility for operational people management is devolved to delivery unit management teams. The WFOD directorate has established reference partners to support and advise units but has not been able to establish a full business partner model like that for finance. Operational managers have received training in some relevant aspects of people management, for example, sickness absence.

However, a broader approach to people management development is needed to better equip unit management teams to: drive the service changes needed to deliver the Health Board's longer-term plans; and to address a number of cultural and employee relations issues. The 2018 NHS Staff Survey shows that 20% of staff said that they had experienced harassment, bullying or abuse at work from their manager or team leader or other colleagues, up from 16% in 2016. Around half felt that their organisation takes effective action as a result of staff experiences of harassment, bullying or abuse.

79 The Health Board is developing actions to respond to the NHS Staff Survey results but has already put important steps in place. Additional staff have been recruited to enable the staff experience team to give focus and attention to employee engagement strategies, embedding values and addressing cultural challenges. A full work programme and action plan is being developed to take this work forward and to address the key issues contained with the staff survey outcomes. Other steps already taken include:

- securing independent investigators to manage employee relations issues, such as disciplinary, grievances and Dignity @ Work, in a timely and independent manner;
- implementing 'speak up champions' and securing funding to procure an independent service to support staff in raising concerns and gaining resolution;
- improving staff engagement and relationships with unions, with, for example, Chief Executive engagement activities, reinvigoration of the Partnership Forum and an ACAS programme (which includes bullying and harassment training for managers); and
- establishing a Clinical Senate to improve clinical engagement and leadership.

80 The Health Board is also taking steps to modernise the workforce using advanced practitioners and other such roles. The recovery and sustainability programme includes a workforce redesign workstream, although progress has not been as fast as intended. As the Health Board moves to implement its ten-year organisational strategy and clinical services plan, it will need to overcome these challenges if it is to reconfigure services and upskill its primary and community workforce. Workforce planning will also need to take a longer view to enable new patterns of delivery to be met. The Health Board has developed and will be presenting its outline workforce strategy to the WFOD Committee in January 2019.

Managing the finances

81 We considered financial and budget management, financial controls, and operational support and processes. We found that **the use of financial resources appears to be moving in a positive direction, with strengthened management and scrutiny, but significant challenges remain**.

82 The Health Board's financial position remains a significant and ongoing challenge, but there are signs of improvement. For the year 2017-18, the Health Board reported a £32 million deficit, against a control total target of £36 million set by the Welsh Government. For 2018-19, the Health Board forecast a deficit of £25 million. The Welsh Government subsequently imposed a £20 million control total deficit which the Health Board acknowledged would be challenging to achieve. At the end of November, the Health Board reported an overspend of £15 million. This overspend was £1.6 million above the profiled deficit planned by the end of November based on the £20 million control total. In December, the Health Board received an additional £10 million of non-recurring support from the

Welsh Government, which has enabled the Health Board to now forecast a year-end deficit of £10 million for 2018-19.

83 Our annual accounts work has consistently identified that the Health Board has adequate budgetary, financial management and control arrangements. The controls are designed to ensure clear lines of delegated responsibility, ensure accuracy of financial reporting and drive compliance with required financial standards and legislation. However, the Health Board's overspending against its allocation each year suggests that there has not been sufficient financial accountability, irrespective of the controls in place. Our work this year has found improved financial stewardship, an increased focus on ensuring operational ownership of budgets, and strengthened monitoring and scrutiny (Recommendation 2). Specifically, we found:

- delegation letters issued to budget holders that set out their key responsibilities for achieving financial targets and complying with internal controls;
- introduction of more standardised budget reporting, 'savings tracker' reports for budget holders and more detailed reports to the Board;
- a more proactive finance business partner approach;
- fortnightly financial and performance recovery meetings with delivery units alongside performance management reviews;
- improved financial scrutiny by the Performance and Finance Committee; and
- a greater focus on benefits realisation with a maturing of the Investments and Benefits Group introduced last year to assess business cases and proposed cost reduction and or savings schemes.

84 The achievement of savings targets is key to the improvement of the financial position. We reported last year that the Health Board did not have a good record of delivering savings plans. Savings plans were overly ambitious and heavily reliant on delivering pay-related savings, which it failed to fully achieve. The Health Board also relied on non-recurring savings, which did not support a sustainable longer-term financial position (Recommendation 1). In 2017-18, £16.1 million of savings were achieved against a target of £24.8 million. £3.3 million (20%) of the savings delivered were non-recurrent and only £7.5 million of the £13.9 million pay savings target was achieved.

85 In 2018-19, a savings target of £21.2 million was set at the start of the year. This target was revised down to £15.9 million in September to reflect non-delivery of savings across four cross-system workstreams in-year, particularly the service remodelling workstream. The revised £15.9 million savings target includes £3.5 million (22%) of non-recurrent savings with similar levels reported in each of the last five years. At the end of November 2018, the Health Board reported an under-achievement of £1.043 million against its planned savings delivery, of which £0.968 million was pay-related. It also reported a £5.2 million shortfall in identified savings, which the Health Board is looking to meet through a series of mitigating opportunities.

86 Compared to previous years, the Health Board had savings plans for 2018-19 in place earlier in the financial year. It had also sought to develop more transformative approaches to achieving sustainable savings through its cross-system recovery and sustainability workstreams (Recommendations 1d, 1f). However, delivery by four workstreams has been slower than planned. The Health Board also needed to bridge the gap between its initial deficit forecast of £25 million and the £20 million control total deficit set by the Welsh Government. As a result, the Health Board has continued to rely on in-year non-

recurrent savings and other mitigating measures. While the Health Board has not made the progress it had hoped for in developing more sustainable savings, it anticipates that the workstreams should contribute to recurring savings in 2019-20. These workstreams are:

- service remodelling;
- reduction of waste, harm and variation;
- workforce redesign; and
- mental health.

87 The Health Board's Recovery and Sustainability Programme also has a dedicated values-based procurement workstream, which is helping to achieve savings. At the end of November 2018, the workstream had delivered £1.2 million of savings against the month 8 plan of £941,000 and a £2 million annual target. Performance is monitored within the cost improvement plan (CIP) tracker, through procurement workstream meetings and with delivery units. The Health Board's procurement arrangements are largely devolved to the NHS Wales Shared Services Partnership. The Health Board makes use of the all-Wales Procurement Strategy, which is underpinned by an all-Wales business plan. There is an overarching service level agreement between Shared Services Partnership and the Health Board. Day-to-day relationships with the procurement service appear good and are focussed on operational procurement and procurement cost reduction.

88 The Health Board incurs unplanned growth in service costs, which adds to the underlying financial deficit and, in turn, influences the level of savings required. Key recurring operational pay pressures include increased variable pay costs, particularly for Medical and Nursing staff, reflecting vacancies, sickness and service demand. As reported last year, there is still a need to ensure that savings schemes are not planned in isolation but are linked to wider programmes of work and longer-term service change, particularly for pay (Recommendation 1f).

89 There has been maturing use of costing and benchmarking data with the Health Board carrying out a series of 'deep dives' targeting higher-risk areas to identify patterns of overspend, for example. In 2018-19 the Health Board did take steps to 're-base' budgets. However, this exercise was largely based on previous year spending profiles rather than a true 'zero-based' position (Recommendations 1b, 1c). The Board's finance team, which includes a dedicated costings team, is an average size compared to other Welsh health boards. However, during 2018-19, the ongoing work to secure the Bridgend boundary transfer has frustrated progress in developing significant transformative approaches. The Health Board's finance team has also lost a number of its finance staff to other organisations, which has increased the pressure on remaining staff to deliver.

90 In the absence of an IMTP, the Health Board has not had a financial strategy, and its financial plans have not taken a long enough view to help focus on recurring efficiencies or creating economy through transformation of services. Savings plans have been established to attempt to close the funding gap, but these have been insufficient to achieve financial balance for the last three years. Looking forward, the Health Board is developing a longer-term financial strategy for inclusion in its IMTP for 2019-2022 with an intended focus on sustainability and transformation across the organisation. However, at the time of our fieldwork this had yet to be approved and finalised.

Improving performance, efficiency and productivity

91 We looked at what the organisation is doing to improve performance, efficiency and productivity. We found that **performance has improved in some key areas, but unscheduled care remains a challenge and an increased focus on efficiency and embedding a values-based approach is needed**.

92 The Health Board has sustained its focus on improving organisational performance, particularly in the five areas associated with targeted intervention. Unscheduled care remains a challenge: for example, 22% of patients were waiting more than four hours in A&E in October 2018. However, metrics show improvement in the four other targeted intervention areas and are summarised below:

- Waiting times from referral to treatment (RTT): in October 2018, 89.1% of patients waited less than 26 weeks compared with 86% in October 2017. The all-Wales average was 87.6% in October 2018. Sustained focus is needed to continue moving towards the national 95% target. The number of patients waiting longer than 36 weeks continues to be a challenge, but, in October 2018, there were 1,093 fewer patients waiting over 36 weeks compared with October 2017.
- Waiting times for cancer treatment: between April and October 2018, the percentage of patients commencing non-urgent treatment within 31 days of diagnosis improved from 92% to 94% against a target of 98%. Over the same time, the percentage of patients referred via the urgent suspected cancer route starting treatment within 62 days increased from 77% to 83%, against a target of 95%.
- Stroke: internal profiles were met in October 2018, with performance close to targets across all three measures: admission within four hours of diagnosis, CT scan within one hour and consultant assessment within 24 hours.
- Healthcare acquired infections: Performance against internal trajectories for reducing rates of Clostridium Difficile, Staphylococcus Aureus and Escherichia Coli improved during the year and the Health Board achieved its target for all three in October 2018.

93 The Health Board recognises the need to make efficiencies and has several workstreams to improve productivity and efficiency. However, performance against several measures since April remains mixed with:

- more day-case procedures performed, but there was an increase in the number of cancelled operations and under-utilisation of operating theatres;
- an increase in the number of patients medically fit for discharge but whose transfer of care is delayed; and
- a reduction in the number of patients not attending out-patient appointments but an increase in the number of patients whose follow-up outpatient appointment was delayed.

94 The Health Board's integrated performance report uses benchmarking information to compare performance to other health boards and national targets and show improvements over time. It is also a participant in NHS benchmarking, including CHKS[15], but there is potential to make better use of the benchmarking data and to report it. In addition, data from the Outpatient Referral Dataset (NHS Wales Informatics Service (NWIS)) shows a 1.5% increase in GP referrals to the Health Board from 176,376

[15] CHKS provides healthcare intelligence, including clinical benchmarking and analytics for NHS Wales.

in 2016-17 to 179,024 in 2017-18, compared with a 2% reduction across NHS Wales as a whole. This suggests that the Health Board needs to do more to manage service demand. Some efficiency improvement can be achieved through better operational management focus and processes. However, the greatest potential for improvement will be through effective clinically led innovation, clinical decision making, clinical productivity and prudent and values-based service models.

95 The Health Board has introduced a 'Reducing Waste, Harm and Variation' workstream as part of its Recovery and Sustainability Programme. The overall progress and impact of this workstream have been much slower than anticipated, but some examples of progress include:

- dashboard development for measures of activity, efficiency (such as pre-operative and total length of stay) and service line cost by procedure to help delivery units focus on areas of greatest variance in their services;
- improvement action to reduce length of stay for primary arthroplasty and pre-operative length of stay for major general surgery procedures; and
- setting up of a theatre improvement workstream to investigate variation in theatre utilisation.

96 The principles of both prudent and values-based healthcare are a central and consistent theme throughout the Health Board's planning and are evident in the Annual Operating Plan for 2018-19. Values-based healthcare principles are being applied to reshape and modernise services, particularly at Neath Port Talbot Hospital, which is a pilot site for the Health Board's developing approach. The Health Board is using data from the International Consortium of Health Outcome Measurement (ICHOM) and is keen to adopt the use of patient reported outcome measures (PROM) as the national PROM programme roll out. However, a Health-Board-wide values-based approach has not yet been established. The Health Board recognises that infrastructure, stronger clinical leadership and engagement, and better outcome and cost data are needed.

97 A paper submitted to the Welsh Government to develop a joint infrastructure with Hywel Dda University Health Board and Swansea University has recently been agreed, supported by funding. This provides a platform for the Health Board, and region, to build its values-based approach. At the time of writing, staff were being recruited to support this work. The Health Board intends to focus on developing programmes, pathways and networks. The initial pathway programmes will focus on: diabetes, respiratory, heart conditions (including stroke) and the elderly. The Health Board should consider a 'relaunch' of its values-based healthcare programme to ensure engagement by clinicians and staff to develop and embed the principles and approach.

Managing the estate and other assets

98 Finally, we considered the arrangements to support estate and asset management, and the use of digital technology. We found that **the Health Board has yet to define its asset management strategy and faces difficult decisions on resource prioritisation to support modernisation**. Our key findings are set out below.

The estate and physical assets

99 We looked at how the estate and physical assets are managed. We found that **the Health Board still needs to define its asset management strategy to underpin its strategic plans and enable prioritisation of limited resources.**

100 The Health Board controls significant assets including land and buildings, plant and equipment, vehicles, ICT equipment and fleet. The Health Board does not have an overarching asset management strategy, which is needed to underpin its CSP plan, IMTP and the longer-term strategy currently in development. It is, instead, managing its assets on a day-to-day basis.

101 For land and buildings, the Health Board faces a significant level of buildings backlog maintenance. At the end of 2017-18, the Health Board's assets required some £62 million of backlog maintenance, a £2 million increase on the backlog cost for 2016-17. Demolition of older buildings on the Morriston hospital site has, however, contributed to a reduction in high or significant risk backlog maintenance, which at £14 million at the end of 2017-18, is a £4 million reduction from the previous year.

102 To date, there has not been a review of the estate to help the Health Board to determine how it will prioritise and progress the estates issues it faces within limited capital resources. A bid for Welsh Government funding to complete a six-facet survey[16] was unsuccessful last year. However, a report on backlog maintenance with proposals to undertake such a survey was recently presented to the H&S Committee. The Health Board has reported that it is currently developing an estates strategy for Primary and Community Services, but it will need to consider its hospital estate to support resource prioritisation and its longer-term plans.

103 For plant and equipment, the Health Board had £80 million of assets operating beyond their economic life at the end of 2017-18. This is £5 million more than in the previous year. The Health Board forecast last year, that without further investment, it was likely that the cost of out-of-life assets would rise to just under £150 million by 2021-22. The quality of assets places additional strain and risks on the Health Board and this is against a backdrop of limited revenue and capital funding.

104 Our work also looked at how fleet, medical equipment and estates were managed. We found:

- an asset register is in place to identify the scale and cost of maintenance and replacement in each service. Risk registers are in place for medical equipment and estates but not for the fleet.
- the fleet department is a team of two and operates through a series of operational policies and procedures, including a comprehensive Transport Policy.
- there is a Medical Devices Management Policy and the Medical Equipment Management Service (MEMS) has completed a competency assessment framework, has ISO9001[17] accreditation, and piloted BS70000 with UKAS[18] (United Kingdom Accreditation Service).
- there are clear lines of accountability for managing medical equipment and fleet, but the estate team would benefit from a clearer strategic direction. Rebalancing of executive portfolios (referred to in paragraph 39) should help provide this focus.

105 Operational oversight arrangements are in place for both the estates department and MEMS but there is limited oversight of fleet performance. The newly introduced H&S Committee is now providing scrutiny of estate matters and the work of MEMS is overseen by a Medical Devices Committee, which reports to the Quality and Safety Forum. However, the findings from the board member survey

[16] The 6 Facet Survey provides core estates information to make informed decisions about the estate.

[17] ISO 9001 is an international standard for a quality management system. It is used to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

[18] A pilot to develop and test a new British Standard (BS70000) for medical physics, clinical engineering and associated scientific services in healthcare, with requirements for quality, safety and competence.

identified that only five out of 14 (35%) responding felt confident that the way assets are managed achieves value for money. The results of the survey suggest that more could be done to provide assurance to board members on how assets are managed.

Use of technology

106 We considered the arrangements to support the use of digital technology. We found that **the ICT strategy is well developed and the Health Board has a good track record for innovation but internal capacity and resource constraints present longer-term challenges for supporting modernisation**.

107 The Health Board has an approved digital strategy, which is ambitious, and a costed Strategic Outline Plan. Historically, the Health Board's business cases for digital projects have been successful and it has good awareness of potential efficiencies through digital technology. The Board has adopted the Digital Inclusion Charter. It is also rolling out an online tool, Patients Know Best, to help patients manage their care and share information with professionals. The availability of capital funding will influence the pace of the digital strategy implementation, alongside the need for ICT infrastructure and system upgrades. However, new ICT projects are prioritised against resource availability, with benefits realisation and panel approval in place.

108 The Health Board has a committed and innovative ICT team who are keen to progress developments. However, ICT staffing levels have historically been amongst the lowest in Wales and staff told us that their capacity to innovate and progress developments is currently constrained. At present, the ICT team are managing significant IT infrastructure work to support the Princess of Wales hospital transfer to Cwm Taf University Health Board. This is in addition to the work described in paragraph 37, although additional staff have been appointed to support information governance work. Following the boundary change, the Health Board should assure itself that there is sufficient ICT capacity to support its wider modernisation plans.

Recommendations

109 Our assessment of the Health Board's progress in addressing last year's recommendations is set out in Appendix 1. Many of the recommendations are challenging to achieve 'in-year' and we recognise that the Bridgend boundary change has occupied much management capacity. However, the Health Board has generally made good progress in addressing the recommendations. Although some are not yet fully addressed, we consider ten of the 18 recommendations to be complete.

110 Some of the areas for improvement identified in this year's structured assessment are already either covered by recommendations that still stand from last year's work, or form part of ongoing improvement activity by the Health Board. The Health Board needs to maintain focus on ensuring that our previous recommendations are fully implemented. Key areas for the Health Board to focus on are quality governance and developing the operating model for the organisation. In addition to previous recommendations, we make five new recommendations which are set out in Exhibit 3.

Exhibit 3: 2018 recommendations

2018 recommendations	
Governance	
R1	The Health Board should put an action plan in place to ensure that the National Fraud Initiative (NFI) data matches it receives in January 2019 are prioritised for review and where necessary investigated in a timely manner.
R2	Whilst the Quality and Safety Committee has access to relevant quality metrics and performance information, the Committee should review its information requirements and the way in which they reported, to avoid duplication or gaps.
R3	The Information Governance Board is an effective forum for driving the information governance agenda, but its focus is too operational to fully support the Health Board’s wider digital ambition. The Health Board should ensure that there is sufficient strategic oversight of its digital ambition.
Productivity and efficiency	
R4	The Health Board should broaden its use and reporting of benchmark data (such as CHKS) to reduce unwanted variation and inform service and efficiency improvements.
Asset management	
R5	The Health Board should develop an estates strategy, linked to the clinical services plan and IMTP, and reflected in the capital plan.

Appendix 1

Progress implementing previous recommendations

Exhibit 4: actions in response to the 2017 and outstanding previous recommendations

Recommendation	Action taken in response	Completed
Financial savings planning and delivery		
R1 We found the Health Board's approach to savings and wider financial planning has remained broadly the same for a number of years despite the declining trend in financial performance. To foster a more sustainable approach to managing savings, the Health Board should: a. set realistic savings targets; b. make better use of benchmarking data and internal performance intelligence to better identify inefficiencies (and efficiencies) to feed into savings planning; c. link financial budgets to activity through zero based budgeting to identify efficient and inefficient areas and to effectively benchmark against good practice; d. ensure savings schemes are not planned in isolation but are linked to wider programmes of work or changes in activity; e. adequately profile savings over the course of the year so that delivery is not concentrated in the last six months of the year; and. f. reduce reliance on short-term transactional savings in favour of long-term [savings], for example by ensuring savings related to pay are linked to long-term service change.	The Health Board is beginning to change its approach to Financial Planning, but it will take more than a single financial planning cycle to fully mature and embed a different approach. The Board is committed to driving the changes required to financial planning. The Health Board is developing its Financial Strategy to underpin the IMTP for 2019-2022. The Health Board is committed to setting realistic savings targets. It identified £21 million savings to deliver during 2018-19, with these savings identified earlier and better profiled across the year. The Health Board reprofiled its savings when the Welsh Government imposed its control total deficit and identified additional savings. While committed to identifying longer-term transformational savings, the Health Board over-estimated the savings that some of its cross-system Recovery and Sustainability (R&S) workstreams would deliver in 2018-19. Because of this and needing to meet the 2018-19 control total deficit. there has been continued reliance on short-term transactional savings, many of which are non-recurring. However, R&S workstreams should start delivering recurring savings in 2019-20 and support better alignment of savings to wider programmes of long-term service change. This includes, for example, savings related to pay and workstreams for workforce delivery and redesign. The Health Board's finance team is still exploring how zero-based budgeting approaches can be developed and used to examine key areas of spend. Progress is currently affected by work to prepare for the boundary changes and the transfer of services to Cwm Taf University Health Board. While benchmarking data is used, there is an opportunity to broaden its use and reporting (such as NHS Benchmarking and CHKS data) for reducing unwanted variation and informing service and efficiency improvements.	Partly

Recommendation	Action taken in response	Completed
Financial savings planning and delivery		
R2 We found the Health Board has improved its arrangements for monitoring, reporting and scrutiny of savings. However, to further strengthen arrangements, the Health Board should: a. improve the ownership of budgets and savings plans by budget holders through strengthened corporate leadership and improving the relationship between delivery units and the corporate centre; b. ensure that Financial Recovery meetings within delivery units have a more explicit focus on the actions needed and are sufficiently long enough to allow good coverage of issues; c. improve operational scrutiny of savings by encouraging senior finance business partners to be more proactive in holding delivery units to account in respect of managing budgets, and both the development of, and delivery against savings plans; and d. standardise the monitoring of financial performance of delivery units both in terms of the approach and reporting, which is currently inconsistent.	See paragraph 83 of the main report for the action taken to improve financial stewardship and to improve ownership and accountability.	Yes

Recommendation		Action taken in response	Completed
Reviewing and strengthening governance arrangements			
R3	The Health Board should draw together the messages from all recent governance reviews and develop a consolidated action plan to address the issues raised by the reviews, and to help identify whether any further governance review would be of value. Consolidation of action plans should include the findings and recommendations from this structured assessment, the current Welsh Government Delivery Unit review of serious incidents management, and those of the Deloitte's financial governance review.	The Health Board has developed an integrated action plan, which pulls together the recommendations from the Financial Governance Review conducted by Deloittes, the 2017 Structured Assessment, and the NHS Delivery Unit review of serious Incidents management. In addition, the Health Board has reviewed the audit tracking model used by Hywel Dda University Health Board to see how it might modify its own recommendation tracking system to better meet its needs. The modified tracker will enable the executive board to track all external reviews in real time.	Yes
Scheme of Delegation			
R4	The Health Board should further develop its scheme of delegation arrangements by agreeing a scheme of delegation for capital project approvals.	The Health Board reviewed its Standing Orders and the Scheme of delegation as part of improving and strengthening governance arrangements. The Audit Committee approved a schedule setting out capital delegations at its meeting in November 2018. As part of its review of the Standing Financial Instructions a set of additional delegations will be considered to provide greater clarity for financial accountability.	Yes

Recommendation	Action taken in response	Completed
Governance Structures		
R5 With full board membership in place for 2018, the Health Board is revising its committee structure and memberships. In doing this the [Health] Board should: a. ensure clarity and organisational understanding of the new structure and specifically, about what is a management group, partnership forum or scrutiny function as the current mapping groups them collectively; b. reassess any gaps or duplication in the operation of the new arrangements once introduced; and c. as part of the development of the Board Assurance Framework determine whether further simplification of governance structures and reporting lines is required.	The Board reviewed the Committee Structure and updated terms of reference with Independent Members realigned across committees. The terms of reference for the Executive Board and the Senior Leadership Team have been finalised and as part of strengthening operational governance arrangements, the role of the operational groups is becoming clearer. During the year, the Health Board has developed new templates and a procedure for managing corporate meetings, which is still being embedded. The development of the Board Assurance Framework is a positive step in setting out the lead executive directors and assurance committees. The Board has accepted that for 2018-19 this will be year ‘0’ with the full BAF in place from 2019-20. It is important to note that the way in which risk is being managed in the organisation is undergoing a fundamental review which supports the development of the BAF.	Yes

Recommendation	Action taken in response	Completed
Quality and Safety governance arrangements		
R6 The Executive-led Quality and Safety Forum, which was formed in January 2017 has focussed its attention on strengthening quality assurance arrangements. As part of this important work, the Health Board needs to ensure that: a. all management groups, which are required to report into the Forum, do so on a regular basis to avoid gaps in assurance; b. assurance reports from the Forum to the Quality and Safety Committee meet the Committee's requirements in terms of discharging its scrutiny role; c. it keeps the quality and safety sub-structures under review to determine whether further simplification of current structures would be desirable; and d. there is clarity on the relationship between the Quality and Safety Forum and other groups, particularly the Assurance and Learning Group and the Clinical Outcomes Steering Group.	The Health Board mapped the groups reporting to the Q&S Forum and as part of the process, is simplifying the number of groups. For example, the Learning and Assurance Group will become focussed on sharing learning and will not have an assurance function while the Clinical Outcomes (including audit and effectiveness) group is being replaced by Clinical Senate. This Forum will be Chaired by the Director of Nursing and Patient Experience. A reporting template from committee's and groups has been in place for approximately six months. **The reporting from the Quality and Safety Forum to the Quality & Safety Committee is being reviewed and strengthened as part of the review of the Forum's terms of reference.** **At the time of our audit, the reporting lines for the Clinical Senate were not clear and the Health Board will need to evaluate the effectiveness of arrangements once the Senate is fully established.**	Partly

Recommendation	Action taken in response	Completed
Workforce		
R7 Workforce issues are a top corporate risk. The Health Board should strengthen the Workforce and Organisational Development Committee and Board assurance by: a. ensuring committee meetings are held as planned; b. making sure there is a greater focus on strategic risks, as opposed to operational matters; c. improve the timeliness of data reported to the Committee, ensuring the Board is also appropriately sighted of performance information; and d. improve administration and reporting by ensuring completion dates and responsibilities for actions are provided and reports highlight risks more effectively.	The Board reviewed the top workforce risks identified by the Director of Workforce and OD and these are now being integrated into the revised corporate risk register, with an action plan developed to address issues. The Board has agreed that 'ongoing' is not to be used and that all actions have a target date. The Workforce and OD Committee has met during the year and improvements have been made to the content of the agenda ensuring it is strategically focussed. A new Committee workplan has been developed and is awaiting approval by the Committee at its January 2019 meeting. As part of the improving scrutiny and challenge by Committee Members, it is clear that an operational workforce forum was required. The Executive Board agreed to establish a Workforce and OD forum to manage all operational issues. Workforce metrics are reported to the Performance and Finance Committee, which was agreed in March 2018 as part of the review of the committee structure. Consideration is now being given to re-aligning workforce topics and information currently received by other Committees into the re-shaped WFOD Committee.	Yes

Recommendation		Action taken in response	Completed
Clinical strategy			
R8	Work to revise the Health Board's clinical strategy is underway, recognising the changes to the landscape within and outside of the Health Board since the Changing for the Better strategy was developed in 2013. The Health Board now needs to: a. produce a clear timetable for completing the development of its revised clinical strategy; b. ensure the emerging clinical strategy aligns to other strategic plans and change programmes within the Health Board; and c. ensure that the clinical strategy is underpinned by supporting strategies and plans in key areas such as workforce, estates and asset management.	The Health Board has made significant progress in developing its clinical services plan (CSP). Work started with a desktop review of 'Changing for the Better' (see paragraphs 50 to 52) and the Health Board has commissioned external capacity and expertise to support development of the CSP. Development of the CSP is running alongside development of the IMTP and 10-year strategy and involved the appropriate stakeholders at planning workshops. The new Clinical Senate will prioritise preferred options for service reconfiguration in December and following review by the Executive Board, the Board will receive a paper at its meeting in January 2019 for discussion and approval. (R8a). **As next steps, the Health Board will need to ensure that other change programmes and pre-existing strategies, such as digital, are aligned with the CSP (R8b); and that the CSP is underpinned by supporting strategies and plans in key areas such as workforce, estates and asset management (R8c).**	Partly

Recommendation	Action taken in response	Completed
New Programme Boards		
R9 New Programme Board arrangements are being implemented within the Health Board. As part of this organisational change the Health Board needs to: a. ensure that the new Programme Boards do not focus solely on areas of targeted intervention in secondary care, and that sufficient attention is paid to other service areas and improvements; b. re-map the Changing for the Better strategic change programmes formerly overseen by the Commissioning Boards and determine how they align to the new Programme Boards; c. ensure the new arrangements and interfaces between the Programme Boards and the delivery unit structures are clear and better understood than the previous arrangements; and d. clarify reporting lines for the new Programme Boards and the relationship to the Strategy and Planning, and Performance and Finance Committees.	The Health Board established supporting delivery boards for unscheduled care, planned care, cancer, stroke and infection control. Responsibilities for these boards has been articulated. In addition to responsibilities for short-term performance improvement actions against the targeted intervention areas, these boards are responsible for performance managing implementation of the Service Improvement Plans set out in the 2018-19 Annual Operating Plan. Each supporting delivery board has an executive lead or sponsor, and senior clinical and managerial representation from corporate and delivery units. These actions meet part a of this recommendation. **However, several issues are still hampering effective whole system working (see paragraph 41).** **Given the new CSP and pending changes to programme architecture this recommendation should be closed. However, fully addressing the spirit of parts b and c should be taken forward through the Health Board's organisational change and transformation programme (see paragraphs 42 and 43).** In relation to R9d, the former Strategy and Planning Committee is now a group, and no longer a sub-committee of the Board. This part of recommendation 9 is therefore no longer relevant.	Partly

Recommendation	Action taken in response	Completed
Risk management		
R10 In taking forward its plans to improve risk management, the Health Board needs to ensure that: a. it more clearly identifies risks to the achievement of [strategic] objectives on the corporate risk register, rather than just listing issues such as unscheduled care and public health; b. it critically reviews the number of risks on the corporate risk register, as there are too many for proper collective scrutiny; c. it re-maps risks to committees to reflect the new committee structure; and d. all committees provide oversight and scrutiny for the risks assigned to them.	The Health Board has reviewed its risk management arrangements and carried out a complete refresh of corporate and operational risks, removing historic risks no longer relevant. A new Board Assurance Framework (BAF) aligns risks to objectives and will make clear the reporting lines of risk to committees. The BAF, together with a new format corporate risk register, is due to be in place January 2019. In addition, several other actions have been taken, as set out in paragraph 25.	Yes

Recommendation	Action taken in response	Completed
Performance management		
R11 In taking forward its Recovery and Sustainability (R&S) Programme, the Health Board needs to ensure that it facilitates greater ownership of performance improvement actions by the delivery units.	New format recovery meetings have been in place from April 2018. Two meetings are held each month with delivery units: one focusses on finances and delivery of savings; the other on performance more broadly. Delegation letters have been issued to delivery units setting out their responsibilities. However, R&S workstream delivery has been slow and continued focus on ensuring shared ownership between executive-led work streams and units owning the improvements needed is still needed to give greater certainty and confidence in delivery. Developing a new performance management framework is to be taken forward in 2019. Alongside developing the operating model for the organisation. This is an opportunity to make accountabilities clearer, help incentivise performance and reflect earned autonomy of delivery units relative to their performance.	Partly
R12 The establishment of a Performance and Finance Committee has been a positive development. Whilst the Committee's work to date has necessarily focused on the specific challenges related to the Health Board's targeted intervention status, the Committee needs to ensure that this approach does not result in insufficient scrutiny of the Health Board's wider performance.	Of necessity the Board is very focussed on the targeted intervention measures, including Finance. However, the remit and focus of the Committee has a broader span across organisational performance. Under the Chair of Performance & Finance Committee's direction, a more comprehensive performance pack has been developed. In addition, a digitally enabled score card is being developed for the Performance & Finance Committee, to enable more detailed scrutiny at a delivery unit level.	Yes

<table>
<tr><th>Recommendation</th><th>Action taken in response</th><th>Completed</th></tr>
<tr><td colspan="3">Performance management</td></tr>
<tr><td>R13 As part of the Performance Management Framework update the Health Board should review its performance dashboard, so that there is a greater focus on targets, trajectories and outcomes.</td><td rowspan="2">The Chair of the Performance & Finance Committee has been driving work to ensure both the Committee and the Board have the right information. The Board Performance Report has been revised and was agreed at the Board Meeting in March 2018. The Board also agreed the trajectories required for delivery in 2018/19 and the assurance and escalation arrangements as part of the approval of the Annual Operating Plan.
However, information on commissioned, primary care and partner provided services is still limited.</td><td>Yes</td></tr>
<tr><td>R14 Generally, the performance report to Board provides sufficient information to support scrutiny. However, the current format could be further strengthened by:
a. making it easier to determine performance against target,
b. providing more clarity on the trend period being considered;
c. better linkage between reported actions, outcomes and timescales for improvement; and
d. more performance reporting on commissioned, primary care and partner provided services.</td><td>Yes</td></tr>
</table>

Recommendation	Action taken in response	Completed
Performance management		
R15 In progressing the planned work to develop a more integrated approach to the provision of management information, the Health Board needs to clarify: a. executive accountabilities for performance information and management; and b. where business intelligence sits and how it relates to informatics.	The Chief Executive has reviewed executive director responsibilities, including those for performance information, reporting and management. The Assistant Director (Performance) now reports directly to the Chief Executive. (R15a). **Next steps are to clarify the role of informatics and where business intelligence sits (R15b).**	Partly
Information governance		
R16 The Health Board has taken steps to increase information governance training for staff and independent members alike, but compliance as at December 2017 was 52%. The Health Board therefore needs to take action to increase information governance training compliance rates.	The Health Board has recruited additional information governance staff. This has led to a significant increase in information governance training compliance. In April 2018, training compliance reached 60%, an 88% increase from 12 months previously. In August 2018, it had reached 78%. Several actions have supported the improvement, including monthly reporting, use of different training formats, and train the trainer sessions. Work is ongoing to reach the required standard of compliance (95%).	Yes
Strategic change management and Programme Management Office		
R17 Acknowledging that the Programme Management Office (PMO) is currently focused on supporting the Recovery and Sustainability Programme, the Health Board should prospectively consider programme management arrangements and the future role of the PMO in supporting wider strategic plans and change programmes.	The Health Board recognises that its present change and programme management capacity and capability needs to be developed to effectively support its longer term strategic plans and change programmes. The organisational change programme being led by the recently appointed Transformation Director, will seek develop to the arrangements. See paragraphs 42 and 43, and paragraph 62.	No

Recommendation	Action taken in response	Completed
Learning and development		
R18 Mandatory training rates are low and not meeting the Health Board's target of 85%. The Health Board should therefore: a. take steps to increase mandatory training rates to meet the Health Board target of 85%; b. address access issues with the Electronic Staff Record (ESR) to allow accurate recording of compliance; and c. ensure the Mandatory Training Governance Committee meets: the committee was established in October 2016 to monitor the mandatory training framework, but to date has not met.	Mandatory training rates have increased from 44% when we did our work last year, to 68% in October 2018. NHS Staff Survey 2018 results suggest that the rate may in fact be higher, but not reflected in current ESR reporting. Steps taken have included: guides on how to access/complete E Learning on ESR; E-learning drop in sessions; additional training for staff groups; updated PADR training to emphasise mandatory training compliance; and review of the levels of training required for role profiles. Work continues towards achieving target compliance of 85%, Committee scrutiny of progress is in place and a review of the mandatory framework is planned. With these continuing actions, R18a is considered met. We will review progress made in further increasing mandatory training rates as part of our work next year. ESR administrators have received system training (or had their access removed). The Health Board intends to transfer corporate management of the ESR system from Finance to the WFOD team in 2019. However, roll out of the self-serve system is still only 36%. (R18b) The Mandatory Training Governance Committee has been disbanded. Scrutiny of and decisions about mandatory and statutory training take place at the Workforce and OD Committee. R18c is therefore considered no longer relevant.	Partly

Appendix 2

Health Board’s response to this year’s recommendations

Exhibit 5: management response to 2018 recommendations

Recommendation	Management response	Completion date	Responsible officer
R1 The Health Board should put an action plan in place to ensure that the National Fraud Initiative (NFI) data matches it receives in January 2019 are prioritised for review and where necessary investigated in a timely manner.	The allocation of resource to undertake work on matches generated as part of the 2018-19 National Fraud Initiative will be addressed as part of the process for producing the overall counter fraud work plan for 2019-20. Once details of all matches have been made available by Cabinet Office/Wales Audit Office colleagues via the NFI secure website, a plan will be produced detailing how the work will be taken forward, by who, and with an indicative timetable for completion. This will ensure that identified ‘high risk’ matches are prioritised. This plan, together with the level of resource allocated, will remain under review throughout the year.	31 May 2019	Finance Director
R2 Whilst the Quality & Safety Committee has access to relevant quality metrics and performance information, the Committee should review its information requirements and the way in which it is reported, to avoid duplication or gaps, and ensure reports more clearly identify risks and assurances.	The Quality and Safety Committee is under new chairmanship and a review has commenced to assess information requirements and develop a new suite of reporting. The review will consider good practice in other organisations and will be complementary to the broader Health Board Integrated Performance report.	18 April 2019	Associate Director of Performance

Recommendation	Management response	Completion date	Responsible officer
R3 The Information Governance Board is an effective forum for driving the information governance agenda, but its focus is too operational to fully support the Health Board's wider digital ambition. The Health Board should ensure that there is sufficient strategic oversight of its digital ambition.	The Information Governance Board has not been constructed to provide strategic oversight of the Health Board's (HBs) digital ambition, rather it oversees information governance and is chaired by the SIRO. The Informatics Programme Board (IPB) chaired by the CIO provides oversight of the HBs digital plans. The IPB currently has membership comprising of senior stakeholders from across the organisation, the Independent Member for Informatics and NWIS. **Action:** The roles of both the Information Governance Board (IGB) and the Informatics Programme Board (IPB) will be reviewed as part of strengthening Health Board governance arrangements.	30 June 2019	Interim Chief Information Officer (CIO)
R4 The Health Board should broaden its use and reporting of benchmark data (such as CHKS) to reduce unwanted variation and inform service and efficiency improvements.	The Health Board, from April 2019, is establishing a Health Care Value and Efficiency Group under the joint chairmanship of the Executive Medical Director and the Finance Director. This will be a key driver to improve and align assessment and actions in response to benchmark data and the Efficiency Framework. The Group is to be part of our Transformation Programme governance. The Development of the Board's IMTP/ Annual Plan has been informed by benchmarking data derived from sources such as Albatross and CHKS. This year the Board refreshed its Clinical Services Plan setting out our intentions for the next five years. The redesign and transformation plans within the refresh are underpinned by both internal and externally commissioned benchmarking data.	March 2019	Director of Finance

Recommendation	Management response	Completion date	Responsible officer
	External Benchmarking has been complemented by the development of a Clinical Variation Tool to promote identification and understanding of internal variation across a range of metrics. Key to the development of benchmarking of both technical and allocative value will be clinical engagement. A Medical Directors Variance Forum has been established and the Board will look to develop a framework to work with clinicians across the organisation. Benchmark data is informing the development of plans to deliver the 2019-20 annual plan and financial plan, particularly efficiency, cost control and cost down, and High Value Opportunities. This will establish a platform to inform 3-year IMTP Planning.		
R5 The Health Board should develop an estates strategy, linked to the clinical services plan and IMTP, and reflected in the capital plan.	The Health Board has commissioned an Independent Consultant to provide a gap analysis on the current information available and assist in the development of an Estate Strategy, aligned with the Clinical Strategy and the IMTP. A specification, developed in January, has been reviewed and is currently going through the procurement process.	March 2019	Director of Therapies and Health Science / Chief Operating Officer (COO)

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