

**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	20 June 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Structured Assessment 2021 and 2022 – Management Response Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Steve Moore, Chief Executive Officer
SWYDDOG ADRODD: REPORTING OFFICER:	Joanne Wilson, Director of Corporate Governance/Board Secretary

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This paper provides the Audit and Risk Assurance Committee with an update on progress against the recommendations made by Audit Wales (AW) in:

- Structured Assessment 2021: Phase 1 Operational Planning Arrangements
- Structured Assessment 2022

Cefndir / Background

The structured assessment work undertaken by Wales Audit Office enables the Auditor General to discharge his 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.

The Structured Assessment 2021: Phase 1 Operational Planning Arrangements – Hywel Dda University Health Board report sets out the findings from phase one of the Auditor General's 2021 Structured Assessment on the operational planning arrangements at Hywel Dda University Health Board. AW assessed the Health Board's response to the recommendations made and considered two recommendations were still in progress.

The key focus of the Structured Assessment 2022 was on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on the organisation's governance arrangements; strategic planning arrangements; financial management arrangements; and arrangements for managing the workforce, digital assets, the estate, and other physical assets.

Asesiad / Assessment

Structured Assessment 2021: Phase 1

As part of the Structured Assessment process in 2022, AW assessed the Health Board's response to the recommendations made in their 2021 report and considered the following two recommendations were still in progress:

Recommendation	Executive Lead	Original Date for implementation	RAG status as at 31/05/23
R1 (Alignments of plans)	Director of Planning and Strategy	31/03/2024	
R2 (Planning capacity)		31/03/2024	

Appendix 1 reports the current progress against the agreed updated management response for 2021.

Structured Assessment 2022

As part of the Structured Assessment 2022 process, AW provided 6 new recommendations, of which 4 have been confirmed as completed, with 2 remaining in progress.

Recommendation	Executive Lead	Date for implementation	RAG status as at 31/05/23
R1 (Public transparency of Board business)	Director of Corporate Governance/Board Secretary	Completed	
R2 (operational structure) –	Director of Operations	31/12/2023	
R3 (Operational performance management arrangements) –	Director of Finance	Completed	
R4 (Expected outcomes) –	Director of Planning and Strategy	31/03/2024	
R5 (Implementation plans to support strategies)	Director of Planning and Strategy	31/03/2024	
R6 (Financial sustainability plan)	Director of Finance	31/03/2024	

Appendix 2 reports the current progress against the agreed management response for 2022.

Argymhelliad / Recommendation

The Audit and Risk Assurance Committee is asked to discuss and consider progress made in respect of the recommendations from the Structured Assessment 2021 (Phase 1) and 2022.

Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.3 In carrying out this work, the Committee will primarily utilise the work of Internal Audit, Clinical Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Structured Assessment 2021 and 2022 reports
Rhestr Termiau: Glossary of Terms:	Included in report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg Parties / Committees consulted prior to Audit and Risk Assurance Committee:	All relevant Executive Directors have been asked to provide progress updates to the management response.

Effaith: (rhaid cwblhau)

Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	No direct impacts from this report.
Ansawdd / Gofal Claf: Quality / Patient Care:	No direct impacts from this report.
Gweithlu: Workforce:	No direct impacts from this report.
Risg: Risk:	No direct impacts from this report.
Cyfreithiol: Legal:	No direct impacts from this report.
Enw Da: Reputational:	No direct impacts from this report.
Gyfrinachedd: Privacy:	No direct impacts from this report.
Cydraddoldeb: Equality:	No direct impacts from this report.

Management response

Ref	Recommendation	Intended outcome/benefit	Management response (updated as at 9 February 2023)	Completion date	Responsible officer	Progress as at 31 May 23
R1	Planners are not involved in all planning processes and must rely on others to make sure that plans align. The Health Board should determine individual responsibilities for ensuring that key planning processes are effectively linked.	Increased connectivity between plans	As part of Targeted Intervention, the Health Board is undertaking an assessment of its planning maturity, incorporating the alignment of plans. In addition, an Independent Review is being conducted by Sally Attwood on behalf of Welsh Government. Once complete the Health Board will develop action plans to respond to both of these pieces of work. The capacity and role of the planning function will be important considerations within this, see below for an update on capacity.	March 2024	Director of Planning	<p>The WG Review is underway and will report back to the Health Board in March 2023, at which point the Health Board will develop a further action plan.</p> <p>The WG Review has now been completed. However, only a draft version has been sent to date, with the recommendations omitted. The Health Board has responded to the factual accuracy and overall content relating to the body of the report. Unfortunately, at this stage (31 May 2023), the final report is yet to be received.</p>
R2	The planning team have adopted a 'business	Increased resilience, and	The Health Board has recently (January 2023) transferred the commissioning function in to the Planning Directorate. The alignment and	March 2024	Director of Planning	<p>The WG Review is underway and will report back to the Health Board in March 2023, at</p>

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	<p>partnering' approach to support the development of the quarterly operational plans which has worked well but there has been over-reliance on one individual within the planning team due to capacity constraints. The Health Board should review its planning capacity to ensure that resilience is built into the team, and the expertise and knowledge needed to support the planning process is developed across all team members.</p>	<p>expertise and knowledge across the planning team</p>	<p>amalgamation of the Planning and Commissioning team has provided additional resilience within the Directorate. However, it is worth noting the commissioning team only consisted of 2.0 WTEs (with 1.0 WTE split between Planning and Commissioning) and are responsible for a budget of circa £170m. As part of Targeted Intervention, there is an Independent Review being conducted by Sally Attwood on behalf of Welsh Government. It is anticipated this will consider the capacity and capabilities within the team, which the Health Board will then consider how best to respond.</p>			<p>which point the Health Board will develop a further action plan.</p> <p>The current position remains extant to the summary update provided as at the 9 February 2023. However, there have been changes to the planning cycle and overall process. Equally, a greater understanding of the roles and responsibilities the planning function may undertake has increased through the planning cycles aligned to the Annual Plan (submitted to WG on the 31 March 2023) and the Annual Plan supplementary (submitted to WG on the 31 May 2023) document. Therefore, subject to the final report being received from Welsh Government, a planning directorate structure inclusive of the proposed roles and responsibilities will be produced.</p>

Management response

Report title: Structured Assessment 2022

Completion date: January 2023

Document reference: 3273A2022

Ref	Recommendation	Management response	Completion date	Responsible officer	Progress as at 31 May 2023
R1	<p>Public transparency of Board business</p> <p>Elements of the Health Board's website are not updated in a timely fashion and that there is scope to further enhance transparency of Board business. The Health Board should ensure that:</p> <p>a) unconfirmed Board and committee minutes are published on the Health Board's website as soon as is practical after each meeting;</p>	<p>From January 2023, Board and Committee unconfirmed minutes will be published on the Health Board's website following review within 21 calendar days of the meeting.</p>	Completed	Director of Corporate Governance	Completed

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	<p>b) agendas for private meetings of the Board are made available on the Health Board's website in advance of the meeting; and</p> <p>c) the most recent version of policies and declarations of interest are publicly available on the website.</p>	<p>From January 2023, agendas for private meetings of the Board will be published on the Health Board's website 7 calendar days in advance of the meeting (at the same time as the public meeting agenda and papers)</p> <p>In 2022/23, the Standards of Behaviour Policy has been reviewed, issued for consultation and updated. The revised policy was approved by the People, OD & Culture Committee in October 2022 and is available on the Health Board's website. From January 2023, the Register of Interests will be published (and updated) on a quarterly basis.</p> <p>Previously, the Registers were available as part of the annual ARAC Report in April each year. In order to improve the process, the Registers will now be more easily accessible on the Health Board's website. In addition, the Health Board has improved the system of notification by creating electronic forms that simplify the</p>	<p>Completed</p> <p>Completed</p>	<p>Director of Corporate Governance</p> <p>Director of Corporate Governance</p>	<p>Completed</p> <p>Completed</p>

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		process for staff and the counter-signatory (line manager).			
R2	<p>Operational structure</p> <p>While some changes have been made, the operational structure still poses risks to confused and inconsistent governance structures. Given the scale and complexity of the challenges and risks facing the Health Board, it is important that planned work to revise the operational structures and associated governance arrangements progresses as a matter of urgency.</p>	<p>Work begun to review the operational structure in September 2022. A series of workshops have been held with the senior operational leadership team, and discussions with the executive Team. Sessions with the senior clinical leaders are planned for Q1 2023. The intention is to develop a proposal by Q2 2023 that can be agreed and implemented across the Health Board, that addresses the inconsistency identified. Ahead of this, the operational governance meeting structure will be revised in Q1 2023, which will support the actions being taken around R3.</p>	December 2023	Director of Operations	<p>A proposed revision to the operational governance structure has been developed, which needs further sign off from a Governance and Executive Team perspective. The work on operational structure continues in line with the outlined timeframe.</p>
R3	<p>Operational performance management arrangements</p> <p>While performance arrangements exist at an operational level, there is scope to bring these together into a holistic review of performance.</p>	<p>Our Improving Together framework has been developed over the last 18 months and deployed within a number of pilot areas. Following this progress, the approach was agreed with the Executive Team in December 2022 for</p>	Completed	Director of Finance	<p>Completed – A programme of Directorate Improving Together Sessions has been implemented.</p>

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	<p>Alongside the rollout of its Improving Together Framework, the Health Board should revisit its performance management arrangements to ensure that there is a joined-up approach at an operational level.</p>	<p>it be used for Directorate level performance management arrangements.</p> <p>The Framework aligns teams to our strategic objectives and what matters to us as a health board. It focusses on key improvement measures identified by the directorate and team and regular coaching style discussions around how we are performing and whether additional improvements need to be made. These discussions are supported by “Our Performance” and “Our Safety” dashboards which provide triangulated data sets from across quality and safety, performance, risk and finance.</p> <p>The Directorate level sessions are holistic, covering performance, safety, quality workforce, finance, risk and planning. The Director of Operations will chair these sessions monthly and will be supported by the Executive Directors of Finance (with executive responsibility for Performance),</p>			

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		<p>Director of Strategic Development and Operational Planning, Director of Workforce and OD, Director of Nursing and Director of Corporate Governance.</p> <p>Additional executive colleagues will be invited to attend if required. The sessions will focus on any concerns that teams wish to escalate, which may originate from the data in the dashboard and progress around KPIs for each team. These sessions have been scheduled to commence on the 30th and 31st January 2023.</p>			
R4	<p>Expected outcomes The Health Board has not set out expected outcomes for all its planning objectives set out in its Annual Plan. In revising its planning objectives for 2023-26, the Health Board needs to clearly articulate the expected outcomes for its streamlined set of planning objectives.</p>	<p>This is being incorporated into the annual plan for 2023-34 and a revised planning cycle approach.</p>	March 2023	Director of Strategic Development and Operational Planning	<p>Completed - There has been a revised approach to the overall Planning Process and a streamlining in the Planning Objectives (POs) from circa 80 to 23 POs. A new Plan on a Page (POAP) template has been developed, which includes outcomes and trajectories. The completed POAPs will be reported to the</p>

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					<p>Board Committees in June 2023. This is fundamental to Master Action C (recently developed as part of the Health Board response to Targeted Intervention) and will form part of the revised planning process going forward.</p>
R5	<p>Implementation plans to support strategies</p> <p>Implementation plans to support corporate enabling strategies did not always exist or include clear milestones, targets, and outcomes. The Health Board needs to ensure:</p> <ul style="list-style-type: none"> existing implementation plans include clear milestones, targets, and outcomes; and implementation plans are developed for enabling strategies that currently do not have one. <p>Alongside the monitoring of relevant individual planning objectives, this will enable</p>	<p>This is being incorporated into the annual plan for 2023-24 and a revised planning cycle approach.</p>	March 2023	Director of Strategic Development and Operational Planning	<p>Completed – The Annual Plan followed a revised planning cycle approach. The key principles were set out congruent to the R5 recommendation. Moreover, this approach was consistent with the expectations from WG, namely, the format of the Ministerial templates required trajectories, which were underpinned with milestones and actions.</p> <p>Whilst a significant number of the requisite actions were</p>

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	<p>periodic review of overall progress of delivery of the enabling strategies.</p>				<p>fully undertaken as part of the annual plan process, it is important to contextualise the changing landscape since this recommendation was drafted. On 29 September 2022, Welsh Government wrote to the Health Board to advise that the escalation status of the Health Board would be raised to <i>'targeted intervention'</i> for planning and finance but will remain at <i>'enhanced monitoring'</i> for quality issues, related to performance resulting in long waiting times and poor patient experience. The reason for increasing the escalation level to targeted intervention for finance and planning is because the Health Board has been unable to produce an approvable three-year Integrated Medium Term Plan (IMTP), or a finalised annual</p>

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					<p>plan, and the growing financial deficit being noted.</p> <p>Consequently, a significant focus has been on reviewing all aspects of planning across the Health Board. Moreover, Welsh Government set out some very clear expectations including but not limited to:</p> <ul style="list-style-type: none"> • Development of a Maturity Matrix • A Commissioned Peer Review of Planning and Capability across the Health Board • The development of robust planning processes and approaches including setting out a clear methodology • A clear focus on Ministerial Priorities; inclusive of trajectories

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					<p>aligned to Milestones and underpinning actions. Therefore, this acts as an implementation plan; as each quarter has clear actions required to achieve the projected trajectory and the overall delivery of the annual plan.</p>
R6	<p>Financial sustainability plan The Health Board's longer-term financial recovery plan has not been updated to reflect the financial challenges being experienced in 2022-23. The Health Board needs to update its longer-term financial recovery plan for 2023 onwards, ensuring that its improvement opportunities are reflected.</p>	<p>The 2023/24 planning cycle is underway which will, with Board approval, reflect the challenges that have been experienced during 2022/23. Opportunities have been clearly articulated, and the planning cycle will be the vehicle for teams across the Health Board to deliver sustainable plans in the areas highlighted as opportunities, as well as undertaking their delegated financial responsibilities to review and deliver all efficiency and benchmarking opportunities.</p>	<p>31 March 2023 for the short term financial recovery plan.</p> <p>31 March 2024 for the long-term strategy.</p>	Director of Finance	<p>There is a Planning Objective to deliver a plan in the year, which will be taken to Board in September 2023 and form the basis of the development of the IMTP for March 2024.</p>

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		<p>With the unprecedented demand challenges that have been experienced, the financial overspends have resulted in a significant deterioration to our deficit. The recovery plan will need to be cognisant of the impact which these demand challenges are having across our system.</p>			