

# Strategic Change Programme Governance

## Final Internal Audit Report

June 2023

Hywel Dda University Health Board

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Auditors:	Sophie Corbett, Deputy Head of Internal Audit
Executive sign-off:	Huw Thomas, Executive Director of Finance
Distribution:	Joanne Wilson, Director of Corporate Governance / Board Secretary and Lee Davies, Executive Director of Strategy & Planning
Committee:	Audit & Risk Assurance Committee



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### Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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# Executive Summary

## Purpose

High level review of the governance arrangements in place to ensure that identified schemes are achievable and managed as formal strategic change programmes with appropriate assurance reporting mechanisms in place.


## Overview

We have concluded **limited assurance** on this area. The significant matters which require management attention include:

- Lack of evidence to demonstrate that strategic programmes of change have been subject to appropriate scrutiny and approval prior to recognition as formal programmes, with some programmes more aptly considered as operational workstreams rather than strategic programmes of change.
- Lack of evidence to demonstrate formal programme governance arrangements, including the absence of approved programme plans, inconsistent operational resource and insufficient programme management support.

Full details of matters arising are provided in Appendix A on page 9 of the report.

## Report Opinion

		Trend
	More significant matters require management attention.	n/a
<b>Moderate impact</b> on residual risk exposure until resolved.		

## Assurance summary<sup>1</sup>

Objectives	Assurance
1 Opportunities for transformational change are subject to proper scrutiny and appraisal to ensure they are realistic & achievable before approval and recognition as formal programmes	Limited
2 Approved strategic change programmes are governed and managed as such	Limited
3 There is a framework in place for monitoring delivery of strategic change programmes and reporting assurance to the Board	Reasonable

<sup>1</sup>The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

## Key Matters Arising

		Objective	Control Design or Operation	Recommendation Priority
1	Identification, Scrutiny & Approval	1	Design	High
2	Programme Governance	2 & 3	Design	High
3	Savings Scheme Governance Review Recommendations	1-3	Design	High

## 1. Introduction

- 1.1 Six strategic programmes of change have been identified to address a multitude of challenges faced by the Health Board and drive improvement in quality, performance and finance:

<p><b>Transforming Urgent &amp; Emergency Care</b></p> <p>Shorten hospital-based emergency care pathway through a reduction in conveyance &amp; conversion</p>	<p><b>Nursing Workforce Stabilisation Plan</b></p> <p>Reduce nurse agency usage / spend</p>
<p><b>Alternative Care Unit</b></p> <p>Provide an appropriate setting (and staffing) for patients medically fit for discharge</p>	<p><b>Mental Health &amp; Learning Disabilities (MH&amp;LD) Continuing Healthcare</b></p> <p>Reduction in the number of packages and changes to the funding arrangements</p>
<p><b>Family Liaison Officers (FLO)</b></p> <p>Improve patient wellbeing &amp; experience and reduce pressure on nursing staff</p>	<p><b>Increasing Community Capacity</b></p> <p>Support earlier discharges from acute hospitals</p>

- 1.2 The risk considered in the review is that strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised.
- 1.3 The scope of this audit is limited to a high-level review of programme governance arrangements. We will not seek to assess or provide assurance on the performance and outcomes of programmes subject to review.

## 2. Detailed Audit Findings

### Objective 1: Opportunities for transformational change are subject to proper scrutiny and appraisal to ensure they are realistic and achievable before approval and recognition as formal programmes

- 2.1 The six strategic programmes of change were first reported to the Sustainable Resources Committee in November 2022, as ongoing programmes of work anticipated to drive improvements in performance, quality and finance.
- 2.2 A 2022/23 IMTP update to Board Seminar in April 2022 recognised the need for transformational change and identified 13 suggested transformational themes aligned to planning objectives and with indicative annual savings to bridge the deficit gap to Welsh Government expectation of £25m:

Opportunity Description	Indicative Annual Saving £m
Bed reduction route map – Social Care, ACSC & Carmarthenshire	14.25
CHC assessment of appropriate packages, complex care & reviews	11.70
Workforce controls – agency, overtime & rostering efficiencies	7.65
Nursing transformation initiatives – team around the patient and FLOs	3.00
Primary care redesign and OOH review	2.95
Transforming MH & LD	2.70
Digital validation, digitisation and redesign initiatives	2.50
Administrative review – digitalisation and efficiency of back-office	2.30
LTA income opportunities supported by Reset & Recovery	1.60
Emergency front door redesign	1.50
Consolidating clinical support services to fewer sites	1.15
Paediatric service review including dedicated ambulances	1.10
Post COVID accommodation review	1.00

- 2.3 These opportunities (the 'Opportunities Framework') were subsequently taken to Executive Team for discussion in October 2022, where it was agreed that a dashboard would be established to pull everything into a single programme with milestones and taken back to Executive Team. This is monitored at each meeting.
- 2.4 The line of sight from the thirteen opportunities highlighted to Board Seminar (April 2022) and Executive Team (October 2022) to the six strategic programmes reported to SRC (November 2022) is blurred, in part due to inconsistent terminology for opportunity descriptions and categorisation as strategic programmes and operational cost reduction opportunities.
- 2.5 For example, a paper to Board Seminar in October 2022 identified the Alternative Care Unit and Family Liaison Officers workstreams as 'operational cost reduction opportunities' to improve the Health Board's operational run-rate, rather than 'strategic programmes of change' as reported to SRC in November 2022.

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- 2.6 The *Transforming Urgent & Emergency Care (TUEC)* and *Building Community Care Capacity (BCCC)* programmes are clearly aligned to the Health Board's planning objectives 5J and 4Q.
- 2.7 From discussion with the operational and finance leads for each programme it was apparent that some programmes (specifically MHLDC, Alternative Care Unit and Family Liaison Officers) would be more aptly considered as operational workstreams rather than formal transformational/strategic programmes of change.
- 2.8 This sentiment was echoed by the operational leads, with some unaware that their 'programme' was formally classed as such until the November report to SRC. In some cases, the operational and/or finance leads had not been involved in the project from the outset so were not aware of its origin or the source of the initial financial trajectories.
- 2.9 The Family Liaison Officer and Alternative Care Unit programmes are initiatives originating from the COVID-19 response. The FLO programme is based on anticipated savings from redeployment of staff to alternative existing roles within the Health Board. The ACU programme has ceased due to planned fire safety works on the existing template, and failure to achieve anticipated savings due to surge and reliance on temporary staffing.
- 2.10 The MHLDC programme originated from a finance review of CHC packages with anticipated savings based on a report by an independent nurse assessor. However, the methodology behind the review has been challenged, prompting engagement with the National Collaborative Commissioning Unit.

#### Conclusion:

- 2.11 We have concluded **limited** assurance for this objective. There was little evidence presented during our review to demonstrate that the six strategic programmes of change had been subject to proper scrutiny and approval before recognition as formal programmes. Whilst there is evidence of the opportunities framework discussed at Board Seminar and Executive Team, it is not clear how these opportunities translated into the strategic programmes reported to the Sustainable Resources Committee in November 2022. **[Matter Arising 1]**

#### **Objective 2: Approved strategic change programmes are governed and managed as such, with:**

- **Executive / senior management ownership and identified operational leads**

- 2.12 A report to SRC in December 2022 noted that all six strategic change programmes have identified executive, operational and finance leads.
- 2.13 There is inconsistency in operational leadership – in two cases the operational leads were identified in November 2022, after the workstream had commenced and coinciding with the recognition of the workstream as a formal programme in the November report to SRC. We were also made aware of two operational leads

leaving the organisation during the audit fieldwork, with no clear plans for alternative resource or formal handover of operational responsibility for the programmes (Building Community Care Capacity and Nurse Stabilisation/Agency).

2.14 Project managers have been identified for five of the six programmes, and only two (TUEC and Building Community Care Capacity) have support from the Health Board's Transformation Programme Office. There is an apparent over-reliance on operational staff to deliver these programmes in addition to their core role with inadequate project support.

• **A clearly defined scope with key milestones and agreed trajectories of operational, clinical and financial benefits, with anticipated timescales for achievement of these**

2.15 We did not have sight of a formal project plan for any of the six programmes, although there is some evidence of project governance for the three key programmes:

- The programme mandate, vision and outcome measures for TUEC are clearly identified within programme reports, with metrics and governance arrangements in place to monitor achievement of these.
- The Nurse Stabilisation programme has a 'plan on a page control sheet' identifying key actions and timescales. We did not have sight of any documentation setting out the scope of the programme or trajectories, although there is evidence of reporting against key metrics to SRC.
- BCCC scheme objectives were visible in the BCCC Steering Group terms of reference and there is evidence of a governance structure in place to monitor achievement of these.

2.16 There is a distinct lack of formal programme management arrangements in place for the remaining programmes, perhaps due to them being operational workstreams rather than formal strategic programmes of change (see para 2.7 above).

#### Conclusion:

2.17 We have concluded **limited** assurance for this objective. Whilst executive, operational and finance leads have been identified for all six programmes, there was inconsistency in operational leadership and limited project management support from the Transformation Programme Office, with an over-reliance on operational staff to deliver programmes alongside core roles. We did not have sight of formal project plan for any of the six programmes, although for the three key strategic programmes there was some evidence of project aims, objectives and metrics and the governance arrangements in place to monitor these. **[Matter Arising 2]**

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**Objective 3: There is a framework in place for monitoring delivery of strategic programmes of change and reporting assurance to the Board**

- 2.18 Assurance over strategic programmes of change is reported to the SRC with Senior Responsible Officers attending committee meetings to provide progress updates.
- 2.19 In November 2022 the committee received a high-level overview of the six programmes of work and anticipated benefits they are expected to delivery. Continued reporting to the committee as a standard agenda item was agreed.
- 2.20 In December 2022 more detailed updates were provided in respect of TUEC, BCCC, nurse stabilisation and ACU, although there was no update for MHLD CHC or FLOs. Minutes note that the committee received limited assurance regarding the programmes of work.
- 2.21 At the February 2023 committee meeting the aims, progress, challenges and mitigating actions were clearly identified for each programme including key metrics where available. Minutes note that the committee received limited assurance regarding financial delivery for 2022/23.
- 2.22 In March 2023 the Board requested the Director of Corporate Governance/Board Secretary undertake a review of the governance arrangements in place for the Health Board's savings schemes (both strategic and operational) to deliver the savings outlined in the Health Board's 2023/24 Annual Plan. The review concluded that the governance arrangements require strengthening in order for the Board to have confidence in the organisations ability to deliver planned savings, and identified inconsistency in reporting, governance, project management and support arrangements.

**Conclusion:**

- 2.23 We have concluded **reasonable** assurance for this objective. There are arrangements in place for reporting assurance over the strategic programmes of change to the Board via the Sustainable Resources Committee. However, there is opportunity to improve the quality and consistency of reporting once the fundamental programme governance issues identified under objectives 1 & 2 have been addressed. **[Matter Arising 2]**
- 2.24 The findings of this review are consistent with the findings of the Director of Corporate Governance/Board Secretary's review of the governance arrangements in place for the Health Board's savings schemes, and concur with the recommendations arising from that review. **[Matter Arising 3]**



## Appendix A: Management Action Plan

Matter Arising 1: Identification, scrutiny and approval (Design)		Impact	
<p>There was little evidence presented during our review to demonstrate that the six strategic programmes of change had been subject to proper scrutiny and approval before recognition as formal programmes. Whilst there is evidence of the opportunities framework discussed at Board Seminar and Executive Team, it is not clear how these opportunities translated into the strategic programmes reported to the Sustainable Resources Committee in November 2022.</p> <p>The programme origin and journey to recognition as a formal programme was not clear, and it is apparent that some programmes would be more aptly considered as operational workstreams rather than strategic programmes of change.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised</li> </ul>	
Recommendations		Priority	
1.1	Develop a formal framework for the identification, scrutiny and approval of opportunities for strategic/transformation change and ensure sufficient evidence is maintained to demonstrate the journey from potential opportunity through to recognition as a formal programme.	<b>High</b>	
Agreed Management Action		Target Date	Responsible Officer
1.1a	A formal framework will be finalised to ensure that there is a clear trail from opportunity to acceptance as a formal programme.	July 2023	Executive Director of Finance

<b>Matter Arising 2: Programme Governance (Design)</b>		<b>Impact</b>	
<p>Whilst executive, operational and finance leads have been identified for all six programmes, there was inconsistency in operational leadership and limited project management support from the Transformation Programme Office, with an over-reliance on operational staff to deliver programmes alongside core roles.</p> <p>We did not have sight of formal project plan for any of the six programmes, although for the three key strategic programmes there was some evidence of project aims, objectives and metrics and the governance arrangements in place to monitor these.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised</li> </ul>	
<b>Recommendations</b>		<b>Priority</b>	
2.1a	Strategic programmes should be managed as such from the outset, with appropriate programme management resource and a formal programme plan demonstrating alignment with the organisations objectives and setting out the aims, milestones and anticipated outcomes.	<b>High</b>	
2.1b	The programme plan should form the basis of monitoring programme delivery against milestones and achievement of identified aims and outcomes. This would encourage transparency, consistency and completeness in assurance reporting to the Board.		
<b>Agreed Management Action</b>		<b>Target Date</b>	<b>Responsible Officer</b>
2.1a	The strategic programmes of change within the Health Board are described by the Planning Objectives agreed annually by the Board. The Executive team will establish a formal process to assess the resource requirements for each and align corporate resources accordingly.	July 2023	Executive Director of Strategy and Planning
2.1b	Linked to the ongoing Targeted Intervention work the Health Board will review its processes and documentation for managing programmes.	August 2023	Executive Director of Strategy and Planning

Matter Arising 3: Savings Scheme Governance Review Recommendations (Design)		Impact	
<p>In March 2023 the Board requested the Director of Corporate Governance/Board Secretary undertake a review of the governance arrangements in place for the Health Board’s savings schemes (both strategic and operational) to deliver the savings outlined in the Health Board’s 2023/24 Annual Plan. The review concluded that the governance arrangements require strengthening in order for the Board to have confidence in the organisations ability to deliver planned savings, and identified inconsistency in reporting, governance, project management and support arrangements.</p> <p>The findings of this review are consistent with the findings of the Director of Corporate Governance/Board Secretary’s review of the governance arrangements in place for the Health Board’s savings schemes, and concur with the recommendations arising from that review.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised</li> </ul>	
Recommendations		Priority	
3.1	Implement the recommendations arising from the Director of Corporate Governance/Board Secretary’s review of the governance arrangements in place for Health Board savings schemes.	<b>High</b>	
Agreed Management Action		Target Date	Responsible Officer
3.1	The recommendations of the review will be implemented in full.	July 2023	Executive Director of Finance

## Appendix B: Assurance opinion and action plan risk rating

### Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

### Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

\* Unless a more appropriate timescale is identified/agreed at the assignment.



NHS Wales Shared Services Partnership  
4-5 Charnwood Court  
Heol Billingsley  
Parc Nantgarw  
Cardiff  
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)