

4.3

Wales Audit Office Structured Assessment Report and Management Response for Structured Assessment 2019 and Revised Responses to Previous Recommendations that are 'not yet complete'

Presenter: WAO/Joanne Wilson

SBAR Structured Assessment 2019 ARAC February 2020

Appendix 1 - Hywel Dda Structured Assessment Report 2019

Appendix 2 - Management Response SA2019

Appendix 3 - Management Response SA2018 (Updated)

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 February 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Wales Audit Office Structured Assessment Report and Management Response for Structured Assessment 2019 and Revised Responses to Previous Recommendations that are 'not yet complete'
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Steve Moore, Chief Executive Officer
SWYDDOG ADRODD: REPORTING OFFICER:	Joanne Wilson, 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

The Committee is asked to:

- Receive the Structured Assessment Report 2019 (Appendix 1).
- Consider whether the management response provides assurance that the new recommendations within the report will be addressed appropriately (Appendix 2).
- Consider whether the revised management responses to previous years' recommendations provide assurance that these areas will be address in the coming year (Appendix 3).

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.

Asesiad / Assessment

The key focus of structured assessment is on corporate arrangements for ensuring that resources are used efficiently, effectively and economically. The Structured Assessment 2019 report groups the findings under five themes - Strategic planning; Transformation and organisational structure; performance and turnaround; governance arrangements; and managing the workforce. The report is at Appendix 1.

The overall conclusion from Wales Audit Office was 'that the Health Board continues to strengthen governance and management arrangements. It has a clear strategic direction and is developing the infrastructure to support delivery of strategic plans. There are improvements in performance but challenges in relation to finance and unscheduled care remain. Finally, oversight and scrutiny of planning needs clarifying'.

New recommendations

Wales Audit Office made 3 recommendations in relation to:

- Monitoring delivery of plans
- Performance management reviews
- Staff engagement

The Health Board's management response, at Appendix 2, has been developed in response to these new recommendations:

Reopened recommendations

Structured Assessment work in 2019 also paid particular attention to the progress made to address recommendations and opportunities for improvement identified in 2018 and previous years and advised that the Health Board would also need to address any outstanding recommendations. Within the report, Wales Audit Office considered that four previous recommendations were 'not yet complete'. These are related to:

- Operational meetings - R8 (2017) and R3 a, b and c (SA2018)
- Strategic planning - R4 (SA2018)

The recommendations have been reviewed and new management responses, as Appendix 3, have been provided by the lead Directors.

Progress on the implementation of the recommendations will be monitored by the Audit & Risk Assurance Committee throughout 2020/21.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to:

- Receive the Structured Assessment Report 2019 (Appendix 1).
- Consider whether the management response provides assurance that the new recommendations within the report will be addressed appropriately (Appendix 2).
- Consider whether the revised management responses to previous years' recommendations provide assurance that these areas will be address in the coming year (Appendix 3).

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference
Cyfeirnod Cylch Gorchwyl y Pwyllgor

5.3 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:

N/A

Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Structured Assessment 2019.
Rhestr Termau: Glossary of Terms:	Included in document.
Partïon / 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 contribute 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.



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Structured Assessment 2019 – **Hywel Dda University Health Board**

Audit year: 2019

Date issued: December 2019

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised Anne Beegan, Leanne Malough and Philip Jones, under the direction of Dave Thomas.

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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2019 structured assessment work at Hywel Dda 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 2019 structured assessment work has included interviews with officers and Independent Members (IMs), observations at Board, committee and management meetings and reviews of relevant documents, performance and financial data.
- 3 The key focus of structured assessment is on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. This year, auditors paid critical attention to the progress made to address recommendations and opportunities for improvement identified in 2018 and previous years. The report groups our findings under five themes:
 - Strategic planning;
 - Transformation and organisational structure;
 - Performance and turnaround;
 - Governance arrangements; and
 - Managing the workforce.

Background

- 4 The Health Board remains in targeted intervention under the NHS Wales Escalation and Intervention Framework. The key reasons for intervention remain the Health Board's financial position and its ability to meet the requirements of an approvable Integrated Medium-Term Plan (IMTP).
- 5 At the end of 2018-19, the Health Board reported an in-year financial deficit of £35.4 million. This was within an agreed deficit total following an additional recurring £27 million from Welsh Government in recognition of the Health Board's demographic and rurality challenges. The cumulative three-year deficit stood at £154.4 million at the end of March 2019.
- 6 In November 2018, the Health Board approved its 10-year Health and Care Strategy '[A Healthier Mid and West Wales: Our Future Generations Living Well](#)' (the strategy), underpinned by its 20-year population health vision. Despite initial intentions to submit a three-year plan for 2019-22, overly ambitious timescales and advice from the Welsh Government resulted in the Health Board subsequently submitting an approvable annual plan for 2019-20.
- 7 By the end of 2018-19, the Health Board did not meet key waiting time targets for A&E and ambulance handovers, although performance was comparable with the

rest of Wales. It did achieve waiting time targets for therapy and diagnostic services (the best performance in Wales), and referral to treatment targets for 36-week breaches. It fell short of the target for 26-week waits but performance was significantly improved compared to previous years. Cancer and stroke performance continued to be amongst the best in Wales, except for waiting times for urgent suspected cancer. Healthcare acquired infection targets were still not being met but there were signs of improvement.

- 8 During the last twelve months, there has been some changes at Board level both in respect of executive directors and Independent Members (IMs):
- In February 2019, the Health Board's Chair stood down. Interim arrangements were put in place until the newly appointed Chair took up post in August 2019.
 - The interim Executive Director of Finance was appointed into the role in December 2018 for a fixed-term period of two years,
 - One IM stood down in July 2019 leaving a gap in trade union representation which is yet to be filled. The term of two further IMs were extended for a year as was the term of the Associate Board Member appointed to chair the Finance Committee.
 - In December 2019, the Turnaround Director took up post as the new Executive Director of Operations following the departure of the previous postholder.
- 9 Our 2018 work acknowledged that *the Health Board was continuing to strengthen governance and management arrangements, but there was recognition that there remained some weaknesses in quality and safety governance arrangements. It also acknowledged that more needed to be done to streamline the organisational structure to support implementation of the new strategy, and the efficiency of both resources and assets in the short to medium-term.*
- 10 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 [Structured Assessment 2018 report](#).

Main conclusions

- 11 Our overall conclusion from 2019 structured assessment work is that **the Health Board continues to strengthen governance and management arrangements. It has a clear strategic direction and is developing the infrastructure to support delivery of strategic plans. There are improvements in performance but challenges in relation to finance and unscheduled care remain. Finally, oversight and scrutiny of planning needs clarifying.**
- 12 The Health Board has set a clear strategic direction and is on track to develop its first three-year plan. Arrangements for monitoring delivery of the strategic plan have improved but reporting lines to the Board pose a risk of duplication.

- 13 The Health Board has established robust arrangements to deliver its strategy, and recent changes are helping to simplify the operational structure. More needs to be done to engage staff in the change agenda, and capacity in some corporate functions remains a challenge.
- 14 The Health Board has strengthened financial management arrangements and improved performance overall, but a number of financial, service and quality challenges remain, and opportunities to extend performance management exist.
- 15 Governance arrangements are generally sound with further improvements underway.
- 16 The Health Board compares well against a number of workforce metrics, is putting new initiatives in place to develop the workforce and support staff well-being, and is increasing the focus at Board and Committee level.
- 17 We consider our findings in more detail in the following sections.

Recommendations

- 18 **Exhibit 1** details recommendations arising from this work. The Health Board's management response to these recommendations and our final report will be available on our website once considered by the relevant committee. The Health Board will also need to address the outstanding recommendations made in previous years.

Exhibit 1: 2019 recommendations

Recommendations	
Monitoring delivery of plans	
R1	We found scope to reduce potential duplication of assurance between the Business Planning and Performance Assurance Committee (BPPAC) with the Health and Care Strategy Delivery Group (HCSDG). The Health Board should clarify the reporting lines of the Health and Care Strategy Delivery Group to ensure that the risk of duplication of assurance is mitigated.
Performance management reviews	
R2	We found that the Executive Performance Reviews (EPRs) do not apply to corporate directorates, with the exception of Estates. The Health Board should apply EPRs to corporate directorates not already covered within the process.
Staff engagement	
R3	We found that there is scope to empower the wider workforce to contribute to the transformational change agenda. The Health Board should implement practical solutions to engage the wider workforce in the change programme, for example by identifying change champions within individual services.

Detailed report

Strategic planning

- 19 We considered how the Health Board sets strategic objectives and how well it plans to achieve and monitor these. We also reviewed progress made in addressing our previous recommendations in relation to strategic planning.
- 20 We found that **the Health Board has set a clear strategic direction and is on track to develop its first three-year plan. Arrangements for monitoring delivery of the strategic plan have improved but reporting lines to the Board pose a risk of duplication.**

Setting the strategic direction

The Health Board has set a clear and ambitious strategic direction, which is fully supported by key partners but there remain weaknesses in the Regional Partnership Board

- 21 In our 2018 structured assessment work, we commended the Health Board for its engagement and ambitious approach to longer-term strategic planning. The approval of its strategy in November 2018 was the culmination of work over 18-months through the Transforming Clinical Services programme.
- 22 The strategy establishes a 10-year clinical strategy for the Health Board and a 20-year vision for population health. In March 2019, the Board approved a 'Scoping, Governance and Delivery Document'. This document signalled the end of the development phase and enabled the Transformation Programme to develop the detail underpinning the strategy and to move to the 'Delivery' phase¹.
- 23 The Regional Partnership Board (RPB) is a key vehicle for the delivery of the strategy and our work would indicate key partners are clearly on board with the strategic direction. This is reflected by the successful approval of its bid for Transformation Funding, totalling £11.9 million, which will enable strategy delivery in its early years. Our 2018-19 work on the [Integrated Care Fund](#) however identified weaknesses in governance arrangements surrounding RPBs, including the West Wales RPB², which need to be addressed. Since our previous work, a new Integrated Executive Group (IEG) has been established underneath the RPB, which aims to bring together key officers from the statutory organisations. This amendment to the RPB structure is a positive step to ensuring that the strategic vision is embedded into routine decision-making and operational leadership of health and social care across Mid and West Wales, however membership does not include the directors of planning and finance. A new Regional Leadership Group (RLG) to provide overall strategic direction, comprising the chief executives, the Health Board Chair and local authority cabinet members was also due to be established but this has not yet been set up.
- 24 The Health Board has maintained strong partnership working with its neighbouring health boards through the joint regional planning arrangements with Swansea Bay University Health Board, and its leadership of the Mid Wales Health and Social Care Committee with Powys Teaching and Betsi Cadwaladr University Health Boards.

¹ In 2017, the Health Board commenced its 'Transforming Clinical Services' programme. The programme is based on three distinct phases – Discover, Design and Deliver.

² The West Wales RPB is referred to as the West Wales Care Partnership Board

- 25 Strong partnership working with its Public Service Boards continues. Our recent local work on the Wellbeing of Future Generations (Wales) Act 2015 identified that the Health Board is increasingly working with partners to take a sustainable whole-system approach to service provision in line with the Act. The Health Board's major strategic shift towards an approach based around population health has clearly been developed with reference to the Act.

Developing strategic plans

The Health Board has a robust planning process and is on track to develop its first three-year plan

- 26 Following the Board's approval of the strategy, the Health Board had ambitions to submit a three-year plan for 2019-22. A series of check and challenge meetings with directorates were put in place to develop the first three-years of the 10-year clinical strategy within the context of the 20-year population health vision.
- 27 Our 2018 work recognised the robust process that the Health Board was putting in place but identified a need to develop joined-up planning arrangements to ensure individual directorate plans were co-ordinated. Given time pressures, and recognition that the three-year plan would not include a balanced financial plan, a key requirement of IMTP approval, the Welsh Government subsequently advised the Health Board to submit an annual plan.
- 28 In undertaking the check and challenge process, the Health Board has developed a comprehensive set of underpinning plans. The Welsh Government regarded plans for the county directorates in particular as good, recognising that the ability of the Health Board to deliver its strategy will be reliant on an increased emphasis on primary and community services.
- 29 The basis of these plans has subsequently been absorbed into the Transformation Programme. The work programmes supporting the Transformation Programme (discussed later in this report) will, and have already started to, develop the detailed plans that need to underpin the strategy. The Health Board now has a clear ambition to develop a three-year plan for the period 2020-23 using the work of the Transformation Programme, and broader operational plans. The three-year plan will follow the principles of the recently issued [NHS guidance](#). As it is unlikely to include a balanced financial plan, the first year of the three-year plan will be used to form the annual plan required by the Welsh Government.
- 30 The Chief Executive is currently considering the suggestions by Welsh Government to establish an external advisory group to support the delivery of the strategy. The objectivity that could be provided by such a group could be highly beneficial, particularly given the ground-breaking nature of the strategy.
- 31 Alongside the Transformation Programme, the Health Board has developed a regional clinical services plan with Swansea Bay University Health Board. It has also contributed to the development of the plans supporting the Mid Wales Health and Social Care Committee. These plans all align with the Health Board's strategy.
- 32 The central planning team support the development of all of the Health Board plans, but capacity of this team is limited. The team have identified that they are unable to support the directorates as much as they would like but do provide high-level support through the continued check and challenge meetings. Overall, the planning process is robust, but it is reliant on an early start to be effective. To operationalise the strategy, the Chief Executive recently set personal objectives for every director.

These include 'must do's' and contribution to team goals for the period 2020-23. Awareness of these objectives has delayed the planning process slightly as these objectives provide the framework for the plan. Overall the Health Board is on track to meet the Welsh Government timescales.

Monitoring delivery of the strategic plan

The Health Board has further developed its arrangements for monitoring delivery against plan but the reporting arrangement for the new Health and Care Strategy Delivery Group has the potential to duplicate assurance for 2020 onwards

- 33 Last year we identified that the arrangements for monitoring delivery against plan could be strengthened. At the time, the Integrated Planning Assurance Report (IPLAR) was being developed to provide the Board with greater awareness of progress.
- 34 The IPLAR is now in use and is focusing attention on monitoring plan development for the following year. The IPLAR provides a detailed breakdown of the work done to date to get the underpinning plans in place and provides assurance to the BPPAC and the Board on its ability to meet the Welsh Government timescales.
- 35 The Business Planning and Performance Assurance Committee (BPPAC) monitors delivery of the Health Board's current plan, through the Planning Sub-Committee, which was established in 2017. A quarterly update report, using RAG ratings, highlights progress on each of the supporting action plans. Since our previous work, progress against plan is now included in the directorates' quarterly EPRs using a RAG rating system to assess progress against actions. Feedback from the Health Board has identified that this has been a useful addition to the EPRs.
- 36 Following the approval of the strategy, the HCSDG was established. Chaired by the Chief Executive, this group meeting replaces the Executive Team meetings on an eight-week cycle. Membership consists of the Executive Team, the Strategic Programme Director, Directors of Social Services and the Chief Executive of Ceredigion Association of Voluntary Services. Its principle duties include monitoring strategy delivery and providing assurance to Board on overall progress, and progress against individual implementation plans. It also monitors and manages actions and is responsible for ensuring that the work of the Transformation Programme is delivered.
- 37 The HCSDG reports formally to the Board, which has the potential to duplicate assurances provided by BPPAC and the Planning Sub-Committee with regard to monitoring delivering of the strategy, noting the HCSDG focus in on delivery rather than assurance. The HCSDG has been established to maintain the focus and momentum needed to deliver the strategy. It is an operational group with no IMs included within the membership, although IMs do attend some of its working groups. Given the ambition set out in the strategy, it is understandable that the Board needs to be fully sighted of progress but reporting lines need to be considered within the context of its committee structures, and in particular BPPAC. It also needs to be considered alongside how and where the three-year plan for 2020 onwards will be monitored given that the detail of the three-year plan should also focus on delivering the strategy (see paragraph 92).

Transformation and organisational structure

- 38 We considered the Health Board's arrangements to achieve transformational change and whether supportive organisational structures are in place. We also reviewed progress made in addressing previous recommendations in relation to change management and structures.
- 39 In 2019, we found that **the Health Board has established robust arrangements to deliver its strategy, and recent changes are helping to simplify the operational structure. More needs to be done to engage staff in the change agenda and capacity in some corporate functions remains a challenge.**

Transformation

The Health Board has established comprehensive programme management arrangements to deliver transformation, but more needs to be done to engage the wider workforce in the change agenda

- 40 Last year we reported that the Health Board's capacity to deliver significant change was a challenge. At that time, the Health Board was awaiting a decision from the Welsh Government on a funding request to support additional change management capacity.
- 41 The funding request was based on mapping work to understand the resource implications of the change programmes needed to deliver the strategy. It covered all programmes and project plans categorising them as 'business as usual' activity; productivity and turnaround-related activity; or strategic implementation activity. This enabled the executive team to define the capacity and capability needed for the required work. The Health Board's request for additional resources was partly granted in December 2018, with the receipt of £1.5 million to cover costs incurred during 2018-19. Recurring funding for 2019-20 onwards has not yet been agreed.
- 42 Following Board approval to move to the 'Deliver' phase in March 2019, comprehensive programme management arrangements were established to deliver three change programmes. Reporting to the HCSDG, the three change programmes, each with a supporting transformation group, are:
- Transforming Communities;
 - Transforming Hospitals; and
 - Transforming Mental Health and Learning Disabilities.
- 43 The Executive Medical Director and Director of Health and Care Strategy is the Senior Responsible Office for the Transformation Programme. There is a nominated director for each of the transformation groups with membership including other directors, representatives from relevant directorate teams, including clinical directors and leads, and other staff co-opted as appropriate. The Health Board worked hard to achieve effective clinical engagement during the 'Develop' phase of its strategy, which we reflected in our 2018 structured assessment work. This engagement helped ensure successful development of a strategic approach supported by staff, the community, and other stakeholders. It is positive to see that clinical engagement, particularly with medical staff, is continuing into the delivery phase, as well as ongoing focused engagement with local communities directly impacted by service changes. Using the additional funds available, the TPO has recruited a lead nurse and therapist to support the overall programme, further helping to ensure that clinical engagement continues to be led by clinicians.

- 44 A Strategic Enabling Group (SEG) has also been established to provide direction, co-ordination and oversight in relation to a range of enabler functions. This includes workforce and organisational development, capital and estates, finance and procurement, modelling and informatics, partnerships and commissioning, value-based health care, and digital. Members of the SEG are also represented on the three transformation groups.
- 45 The TPO has a role to play in working with other corporate directorates to drive forward the delivery of the strategy as part of mainstream operational activities. As well as the clinical leads, the TPO has also been recruiting additional staff to ensure that it has the capacity and capability to provide the necessary programme management support. It is also seeking to work as a virtual team with the West Wales Regional Collaboration Unit (RCU) that supports the RPB, recognising the key role that the RPB has to play in supporting implementation, and the resources available to the RCU.
- 46 The scale of transformational change that the Health Board needs to deliver is immense. It is positive to see the progress made to establish the infrastructure to enable this change to happen. A considerable proportion of the Health Board's middle and senior management are involved in the Transformation Programme. The risk however is that the wider workforce sees the transformation agenda as being remote from their day-to-day work. The Health Board has recognised that while the infrastructure has been put in place, communication to key stakeholders (particularly staff) has not been as frequent as previously. To maintain the momentum built up over the last two years, it is important that communication continues albeit that at times, it may be no more than a general progress update. This would be helpful in engaging staff, in particular, with the strategic direction. The Health Board could also benefit from looking at ways that it could empower the wider workforce to feel that they can also contribute to the transformation agenda.

Ensuring organisational design supports delivery

Recent changes are helping to simplify the operational structure, although capacity in some corporate functions continues to be a barrier to adopting a business partnering model

- 47 The executive team has continued to work with the organisational development team to strengthen collective leadership. Executive objectives have been revisited to reflect the new strategy and overall there is a general sense that joint working is continuing to improve. The executive team are now much more visible through the EPRs and the Transformation Programme, although executive visibility in front-line operational services could be further strengthened as meetings continue to be held at headquarters.
- 48 Since our previous work, there have been a number of changes to the operational structure. County Directors are now in place on a permanent basis in two counties, and lines of accountability have been clarified. The Ceredigion County Director continues to hold the lead director role for Bronglais Hospital, but continued weaknesses in clinical leadership for Bronglais Hospital has resulted in additional clinical support being provided, on a temporary basis, by the Assistant Director of Nursing. This support has recently come to an end.
- 49 The County and Hospital directorate teams are increasingly working together, and to take this a step further, plans are in place to combine the directorate arrangements for the two Carmarthenshire hospitals to mirror the county footprint. As part of the refreshed Executive Medical Director structure, a Deputy Medical Director for Acute Hospital Services has been appointed to oversee the four hospitals, and will report to the Executive Director of Operations. This will help streamline reporting

arrangements for the hospital teams and will reflect the already well-established reporting lines for the county teams, which is now also supported by a Deputy Medical Director of Primary Care.

- 50 The General Manager for Women and Children’s and Cancer Services has also been taking a more corporate role on scheduled care and has recently been appointed to the Assistant Director of Operations on a temporarily basis. The Director of Mental Health and Learning Disabilities post has been filled.
- 51 The Therapies Directorate has now been organised to bring together therapy services, which had been fragmented across the organisational structure. There is also the potential to bring in other services into the directorate over time. This directorate is currently reporting to the Executive Director of Therapies and Health Sciences as a temporary measure while it becomes embedded.
- 52 The changes that have been made to the operational structure are helpful steps in simplifying what is essentially quite a wide management structure. Over the last few years, in the region of 17 directorates have been reporting directly to the Executive Director of Operations. The Executive Director of Operations is now the lead director for two of the transformation groups and continuing to manage this number of directorates would have been unsustainable. The new Executive Director of Operations may want to take the opportunity as he takes up post to further refine the operational structure.
- 53 Corporate structures remain largely unchanged, although the business partnering model has now been fully embedded into the finance function. Other corporate functions are considering adopting a similar model subject to finance and appropriate approval processes but capacity to do so continues to be challenging. All of the corporate functions are represented on the SEG and within each of the transformation groups. This is positive but will place additional demands on their time, reducing their ability to be work more closely with the operational teams.

Previous recommendations

- 54 In 2017 and 2018 we made the following recommendations in relation to change management and the organisational structure. **Exhibit 2** describes the progress made.

Exhibit 2: progress on previous structured assessment recommendations

Previous recommendations	Description of Progress
<p>R4 To ensure the delivery of its strategy, the Health Board should seek to resolve the outstanding request for funding from the Welsh Government to support the capacity needed to implement the strategy within the intended timescales. (2018)</p>	<p>Funding relating to costs incurred in 2018-19 was agreed by Welsh Government in December 2018 and allocation received in January 2019. Recurring funding for 2019-20 has not yet been confirmed.</p> <p>Not yet complete</p>

Previous recommendations	Description of Progress
R6 Following the implementation of the proposed planned changes to the finance department, the Health Board needs to ensure that the structures of the other corporate functions appropriately support and challenge the operational directorates. (2017)	Capacity in a number of corporate teams is limiting their ability to adopt a business partnering model. However, through other arrangements, such as the Transformation Programme, corporate teams are providing support and challenge. Complete
R7 The Health Board needs to revisit its operational structure, and the position of primary care and community services in particular, to ensure that it fully supports integrated working and effective management of operational issues. (2017)	Primary and community services now form part of the county director portfolio overseen by the Director of Primary Care, Community and Long-Term Care. County and hospital directorates are increasingly working together to consider the whole system. Complete
R8 To show leadership, visibility of the executive directors across the Health Board needs to extend to all directors and consideration needs to be made to holding meetings with operational teams away from the headquarters wherever possible. (2017)	Refer to paragraph 47. Not yet complete

Performance and turnaround

- 55 We considered the Health Board's current performance. We also considered arrangements for managing performance, including financial grip and control, and progress made against previous recommendations in relation to performance and financial management.
- 56 We found that **the Health Board has strengthened financial management arrangements and improved performance overall, but a number of financial, service and quality challenges remain, and opportunities to extend performance management exist.**

Managing the finances

- 57 **Financial performance** – The Health Board's in-year deficit position is reducing year-on-year, partly due to additional Welsh Government funding, but the financial position for 2019-20 still remains challenging.
- 58 The Health Board continues to spend beyond its means resulting in a cumulative deficit of £193.1 million for the last five years (**Exhibit 3**). Consequently, the Health Board has continued to fail its first financial duty of the NHS Finance (Wales) Act 2014. Improvements in financial control, alongside the financial recognition of the Health Board's demographic challenges in 2018-19 however has started to see the in-year deficit position improve year-on-year with plans to reduce this further in 2019-20.

Exhibit 3: financial deficit over the last five financial years

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	Cumulative deficit 2014-19 £m
Financial performance	7.5	31.2	49.6	69.4	35.4	193.1

Source: Wales Audit Office analysis

- 59 The Annual Plan for 2019-20 approved by the Board in March 2019 outlined an initial deficit control total of £29.8 million, including the recurring £27 million. The Welsh Government subsequently set a reduced deficit control total of £25 million, with the potential for the Health Board to receive a further £10 million if it achieves its control total.
- 60 The Health Board has a range of schemes in place to enable it to deliver against its savings target, but these only equate to £18.7 million³ leaving a shortfall of £6.5 million (including £1.5 million slippage) still to find. At month six, the Health Board has delivered £7 million of its planned savings. However, it is reporting a negative variance against planned expenditure of £3.8 million and an overall deficit position of £12.6 million for the year-to-date. Unscheduled care staffing pressures, particularly in Withybush and Glangwili hospitals along with primary care prescribing costs (Category M drugs) account for a significant amount of the variance.
- 61 To meet its deficit control total by the year-end, the Health Board needs to significantly accelerate the delivery of savings and reduce cost pressures, particularly in relation to unscheduled care. A number of its savings plans are set to overachieve, but the Health Board is now forecasting that it will not meet its deficit control total of £25 million.
- 62 **Financial management and controls – The turnaround process and the new business partnering model are strengthening the Health Board’s ability to manage its finances, but a greater understanding of, and response to, underlying cost drivers as well as increased accountability and ownership is needed if it is to move to a break-even position.**
- 63 Our annual accounts work has identified the Health Board has adequate financial control arrangements in place. With the new finance business partnering model and the continued turnaround process, there are clearer lines of delegated budgetary responsibility through accountability agreements, more accurate operational financial reporting, and improved compliance with financial standards and legislation. The business partnering model is also helping to provide a more collaborative and supportive approach to managing budgets at directorate level.
- 64 Since the turnaround process began, the Health Board’s ability to achieve financial savings has significantly improved. Clearer savings plans are in place, and the fortnightly Holding to Account meetings with directorates and the escalation process with the Chief Executive are maintaining a focus on finances. The 60-day cycle meetings are also maintaining a focus on identifying opportunities for service efficiencies.

³ Made up of £16.6 million assured savings schemes (green) and £2.1 million classed as marginal risk (amber).

- 65 The Health Board has adopted the All-Wales 'No Pay Order No Pay' policy which is helping to control non-pay expenditure. The number of breaches is decreasing with targeted work actioned when non-compliance is identified. Similarly, the Health Board is controlling its single tender agreements and since 2018 has reduced both the value and number being used. Local procurement still forms part of the turnaround process and is regularly monitored by the Director of Finance as the accountable officer.
- 66 If the Health Board is to move to a break-even position, understanding of cost drivers and responses to them, as well as financial accountability and ownership still needs to be strengthened. During the year, the Welsh Government commissioned KPMG to complete a detailed review of the Health Board's finances, including cost drivers. KPMG has identified that some of the cost drivers are due to inefficiencies in service provision, which are known to the Health Board. KPMG has also identified that the significant driver for the underlying deficit however is due to increased demand for services from the Health Board's population.
- 67 **Financial scrutiny – There is improving scrutiny through the Finance Committee with an increasing focus on the longer-term.**
- 68 The Finance Committee is key to providing the Board with the assurances it requires over the Health Board's financial performance. Over the last 12 months, there is a better sense of more structured forward planning and control, and the quality of the scrutiny provided by its members is improving. Working well together, both the Finance and Turnaround Directors are the main lead officers responsible for providing the Committee with regular, quality information not only around financial performance and savings delivery but also development of the financial plan.
- 69 The challenge in balancing the focus of financial planning between the short and longer-term remains. Strategic decisions are starting to take shape and are giving the Finance Committee more focus. However, the Health Board still has significant challenges to overcome in terms of delivering the longer-term vision within the financial resources available.

Improving performance

- 70 **Performance against targets - Despite an overall backdrop of improvements, performance has declined in a number of areas during the year with unscheduled care remaining a particular challenge.**
- 71 Despite achieving a position of no 36-week breaches at the end of 2018-19, the numbers waiting more than 36-weeks for planned care has steadily increased since April 2019. This is against a backdrop of increased demand on planned services with an overall increase in numbers on elective waiting lists. Waiting times performance, however, compares significantly better than when the Health Board moved into 'targeted intervention' and compares favourably to the rest of Wales. Plans are also in place to recover the position by the end of March 2020.
- 72 Similarly, the improvements in diagnostic and therapy waits in 2018-19 have not been sustained into 2019-20 with an increasing number of patients waiting for cardiology and radiology tests beyond the 8-week target, and physiotherapy services beyond the 14-week target. The breaches in physiotherapy currently means that the Health Board has the worse therapy performance across Wales, although other diagnostic waiting times are amongst the best. Recovery plans are in place to reduce physiotherapy, cardiology and radiology waits back in line with the target.

- 73 Since April 2019, the number of patients delayed on the follow-up outpatients waiting list increased by 25% to 44,000 patients by September, with two-thirds delayed at least twice as long as they should be. The Health Board is also not achieving the new eye care measures, which came into effect from 1st April 2019.
- 74 Across the unscheduled care pathway, performance against a number of measures indicate that the Health Board is struggling to meet demand and get patients through the system efficiently:
- The number of ambulance handovers over one hour is increasing, The percentage of red calls responded to within 8 minutes is just above the target, with the exception of Ceredigion;
 - The percentage of patients seen within 4, and 12 hours is declining. The numbers waiting more than 12 hours is the second highest in Wales, with long delays most problematic in Wthybush hospital;
 - The average length of stay for medical emergency inpatients is deteriorating; and
 - The number of delayed transfers of care are increasing.
- 75 More positively, the Health Board continues to perform well across a number of the stroke care measures with timely access to specialist staff above the Welsh Government target and improving. Timely access to the stroke unit has deteriorated recently but for the majority of the year to date, performance has been above target. Cancer performance has however deteriorated. Having previously performed well in relation to the Non-Urgent Suspected Cancer target, both cancer targets are not being met.
- 76 **Performance management – Performance management reviews continue to evolve but there is scope to apply the review process to corporate directorates.**
- 77 The approach to performance reviews within the operational directorates continues to develop. All executive directors are invited to attend, and each review is now supported by an interactive dashboard, which covers performance against targets, workforce, quality and safety, audit and inspection, risk and finance. Progress against agreed actions to support delivery of the annual plan is also included. However, medical representation at these meetings is still lacking. The newly appointed Deputy Medical Director for Acute Hospital Services is taking a lead identifying and streamlining which meetings require clinical directors and realigning job plans to allow them to attend meetings, such as the EPRs, which should improve medical attendance over time.
- 78 As reported previously, separate Holding to Account meetings are held with the Turnaround Director. Additional Holding to Account meetings are held with the Chief Executive and a number of Executive Directors where directorates are escalated. Separate check and challenge meetings (see paragraph 32) are also taking place. The number of meetings that directorates have to attend, including the transformation groups, place considerable time pressures on directorate teams and the executives. The Health Board has recognised the opportunity to bring the Holding to Account meetings into the EPRs, particularly with the recent appointment of the Turnaround Director into the Executive Director of Operations role.
- 79 The Health Board has increased the frequency of EPRs for directorates which are underperforming, although this is not yet reflected in the performance management framework. With the exception of Estates, the EPRs do not currently apply to corporate directorates and scrutiny of performance of these services is not as robust and transparent. To deliver the efficiencies needed in the short-term the Health Board could look to apply the EPRs to corporate directorates.

Quality performance

There are early signs of improvement but there remains a considerable amount of work still to do to improve quality performance

- 80 Last year, we identified that performance against a number of quality and safety indicators were below Welsh Government targets, with an increasing need for the Health Board to more explicitly focus its attention on the quality and safety of its services.
- 81 In March 2019, the Health Board launched its Quality Improvement Strategic Framework with the overall aim of increasing the emphasis on quality improvement across the organisation, and in particular, shared learning. In addition, the Medical Director has appointed a new Associate Medical Director (AMD) for Quality and Safety as part of his new structure.
- 82 A number of performance measures are now showing positive signs of improvement with the number of concerns responded to within 30 working days above the target, and the level of zero never events maintained since October 2018. Crude mortality rates have also consistently improved since September 2018.
- 83 Healthcare acquired infection rates however remain a significant concern with *C. difficile*, MSSA and *E. coli* cases per 100,000 head of population some of the highest in Wales. Hospital acquired pressure sores is also increasing, and sepsis-six bundle compliance is deteriorating. The percentage of serious incidents assured within the recommended 60-day timescale is well below the target. The percentage of mortality reviews undertaken within 28 days is not yet at target level, although it is improving.
- 84 Our recent work on the Health Board's operational quality and safety arrangements identified a number of areas where quality governance arrangements need to improve. A more detailed examination of the elements underpinning the Health Board's quality governance arrangements will be undertaken in early 2020.

Previous recommendations

- 85 In 2017 and 2018, we made the following recommendations in relation to performance and financial management, including financial scrutiny. **Exhibit 4** describes the progress made.

Exhibit 4: progress on previous structured assessment recommendations

Previous recommendations	Description of progress
<p>R1 The Health Board needs to improve the identification and design of saving schemes through:</p> <p>a. increasing the use of data and intelligence to identify opportunities for efficiency improvements reflecting them in more meaningful and realistic savings targets for different areas of the business;</p>	<p>The Health Board is improving its use of data to identify opportunities for efficiencies through benchmarking. The business partnering model is also starting to embed itself and is encouraging greater intelligence to identify opportunities for efficiency and realistic targets. The recent KPMG work will further assist with taking this recommendation forward.</p>

Previous recommendations	Description of progress
<ul style="list-style-type: none"> b. avoiding over-reliance on in-year cost control, accountancy gains and non-recurrent savings; and c. embedding the 60-day cycle process to identify where longer term and sustainable efficiencies can be achieved through service modernisation, and approaches such as value-based healthcare and productivity improvements. (2017) 	<p>Complete.</p> <p>At month six 2019-20, there is still some reliance on non-recurrent savings, but this is getting less each year.</p> <p>Complete.</p> <p>The 60-day cycle continues to form part of the turnaround process. It is also embedded in to the new Transformation programme as a way of supporting longer-term sustainability. The Director of Turnaround is due to take up post as the new Executive Director of Operations at the end of November 2019. He will take over as chair of two of the three change programmes, through which he will maintain a focus on efficiencies through service modernisation. Value-based healthcare is still in its early stages but is being embedded following approval of the joint business case with Swansea Bay University Health Board at the end of 2018</p> <p>Complete.</p>
<p>R3 The Health Board needs to adopt a more proactive approach to learning and sharing good practice about savings and wider financial planning. This should include making more use of initiatives such as the Welsh Government's 'Invest to Save' schemes. (2017)</p>	<p>The Health Board is becoming more focused on benchmarking and learning from others to increase efficiencies. Learning and sharing is made available through the turnaround meetings and the business partnering model, and there are a number of 'Invest to Save' schemes in place.</p> <p>Complete</p>
<p>R3 To free up capacity for both executive and operational teams, and to enable a more joined up focus on the use of resources, the Health Board should streamline the number of holding to account or performance review meetings with operational teams by:</p> <ul style="list-style-type: none"> a. reviewing the frequency and timing of these meetings; b. reviewing the location of these meetings, to improve visibility of the executive team; and c. aligning these meetings with management sessions contained within job plans for clinical directors to enable them to participate fully. (2018) 	<p>Refer to paragraphs 47, and 77 to 78.</p> <p>Not yet complete.</p>

Previous recommendations	Description of progress
<p>R5 To support its longer-term financial position, the Health Board should ensure that the Finance Committee continues to develop its role and to provide increasing scrutiny and challenge on the plans to achieve efficiency savings in the medium to long-term. (2018)</p>	<p>The Finance Committee is increasingly undertaking detailed scrutiny of the Health Board's plans to achieve efficiency savings with a focus on both the medium and long-term. Complete</p>
<p>R10 The Health Board needs to strengthen its performance management framework at an operational level by:</p> <ol style="list-style-type: none"> a. ensuring sufficient time is allowed within the bi-monthly performance management reviews to consider all elements of performance, including finance, workforce and delivery against plan; b. ensuring that the process includes wider representation from across the directors; c. ensuring that governance approaches at operational and service level are standardised and include a comprehensive review of performance; d. expanding the range of performance metrics that are considered at an operational level, particularly in relation to quality and safety; e. exposing the operational directorate teams to scrutiny at both the BPPAC and Quality, Safety and Experience Assurance Committee (QSEAC) on areas of underperformance. (2017) 	<p>Refer to paragraph 77. In addition, operational directorates are more exposed to the scrutiny process in both BPPAC and QSEAC, with directorates being called in to account for underperformance. The only element of this recommendation outstanding is in relation to standardised governance approaches, which is now being addressed as part of Recommendation 1 of our separate work on quality and safety arrangements, reported in August 2019. Complete</p>

Governance

- 86 We considered the Health Board's governance arrangements. We looked at the way in which the Board and its committees conduct their business, and the extent to which Board structures are supporting good governance. We also reviewed the progress made in addressing our previous recommendations relating to the Board.
- 87 In 2019, we found that **governance arrangements are generally sound with further improvements underway.**

Conducting business effectively

Positive changes are being made to enhance Board and committee effectiveness

- 88 Despite a period of change, the Board continues to be generally well-run and the quality of scrutiny and challenge remains high. The Board has largely maintained a full complement of IMs who demonstrate a very good range of knowledge and skills collectively. There is an effective Board development programme in place which is delivered through the use of internal and external resources. This has helped to develop a positive and cohesive relationship between IMs, and with the Executive team. The approach to development for IMs is also comprehensive and flexible, supported by regular six-monthly reviews. During the year, an interactive handbook has been developed for new IMs which enables a wide range of information relevant to their role to be explored. Early feedback from IMs on the handbook is very positive, and other NHS bodies are now looking to learn from the work that the Health Board has done in this area.
- 89 Board meetings remain open and transparent, with ongoing use of webcasting. They are rotated around the three counties and members of the public continue to be invited to submit questions prior to the meeting taking place. In 2018, we highlighted that Board agendas could be long and lacked a routine focus on the quality and safety of services provided. Since her appointment, the new Chair has been focusing attention on streamlining the Board agenda. The format of the Board meeting in September 2019 focused more specifically on issues that genuinely required Board attention. This included escalating new issues up to Board and de-escalating other issues down to committees. This focus reduced the meeting duration. From November onwards, the Chair is looking to strengthen patient stories and have a more thematic feel to the agenda. Discussions that take place during the private sessions continue to be limited only to those that are of a sensitive nature.
- 90 As well as the Board, the Chair has focused attention on the committees and sub-committees, starting with the QSEAC. Plans are in place to streamline a number of the QSEAC sub-committees, and increasing the focus on patient safety, while a new Listening and Learning Group will be established. Our planned work on quality governance (referred to in paragraph 84) will explore these arrangements further.
- 91 In relation to the Board's other committees, this year we have focused on the BPPAC. The main focus of the BPPAC is now on performance following the previous disaggregation of finance and planning into a dedicated committee and sub-committee respectively. The BPPAC is supported by the performance reporting tool, which allows users to look at specific areas and to drill down into data as appropriate. Although the tool does not report in real-time, it provides easy access to the most up-to-date information available covering all aspects of service provision, and it has been positively received by both the Board and BPPAC.
- 92 In light of the new strategy, there is scope to revisit the level of focus given to planning by BPPAC. The Planning Sub-Committee does provide assurance to BPPAC, but this is predominantly through the minutes of the meeting and is not a key focus of the BPPAC agenda. The Sub-Committee is largely an operational group although there are a number of important areas considered which need independent scrutiny. The Health Board has recognised the need to revisit the Planning Sub-Committee and is proposing subsuming the sub-committee back into BPPAC. The establishment of the HCSDG and its direct reporting line to the Board however poses questions over the role of BPPAC in providing assurance on delivery of the strategy and the underpinning plans. The Board needs to consider the role of BPPAC in providing board assurance on strategic planning (see paragraphs 36 to 37). The

Health Board has already recognised that there is also opportunity for BPPAC to take assurance on workforce and organisational development as part of the wider consideration of use of resources. The Workforce and Organisational Development Sub-Committee currently reports to the QSEAC and is discussed later in this report (see paragraph 116).

- 93 Across all of the Board's committees, the current chairs are effective in their roles and there are good flows of assurance, issues and risks between committees and up to Board. The ongoing use of self-assessments has been helpful in identifying areas for improvement and a self-reflection at the end of each meeting is now included on all committee agendas. IMs are able to contribute their expertise and to receive assurance about the work of the Health Board through membership of key committees. Some IMs are members of sub-committees and groups which provide assurance to those committees. This places additional pressure on their time. The new Chair has already recognised this as an issue and is seeking to address membership as part of her wider consideration of the committees and their supporting structures.
- 94 Over the last twelve months, IMs have continued to undertake walkabouts to clinical areas to develop their knowledge and to triangulate the assurances being provided to them through Board and committees. Frequency of these visits has however been an issue with a number of walkabouts cancelled due to director workload pressures. IM capacity to meet the demands on their time has also had an impact. The Chair's review of committee membership, along with contingency plans being put in place to minimise cancellations, should enable the walkabouts to happen more frequently.

Managing risks to achieving strategic priorities

The Health Board continues to have a well-developed Board Assurance Framework and is examining how it can be updated to support the implementation of its strategy

- 95 We have consistently reported that the Health Board has a well-developed Board Assurance Framework (BAF). It clearly sets out the controls in place, the sources of assurance, where gaps in assurance exist and a set of performance indicators which are used to measure progress. It is underpinned by a comprehensive Regulatory and Review Body Assurance Framework which focuses on high-risk areas, both in terms of likelihood and the impact of non-compliance with regulations and legislation.
- 96 The Health Board is currently exploring ways in which the BAF can be updated to support the implementation of the strategy from 2020 onwards. Work is underway to evolve the framework by mapping governance assurance areas and how they link to committees. This includes mapping director objectives for next year, as well as those set for the next three-years. Some risks have been identified which are not linked to specific director objectives. These are being examined to see whether they can be linked, or whether the risks need to be updated. Director objectives for 2018-19 are available online as an interactive tool and a revised scheme of delegation will be submitted to the Board in November 2019 to bring the objectives up to date.
- 97 The inclusion of risk appetite in the BAF and alignment of the Corporate Risk Register to the Board and its committees has strengthened the corporate focus on risk. The Corporate Risk Register is considered each month by the Executive Team and directorate level risks are considered as part of EPRs.

Embedding a sound system of assurance

Many aspects of governance remain robust with plans in place to improve identified areas of weakness

- 98 Our work has identified that updated Standing Orders were recently approved at the Audit and Risk Assurance Committee (ARAC) meeting and will go to the November Board meeting for ratification. There are well-established arrangements for declaring, registering and handling interests, gifts, hospitality, honoraria and sponsorship, which are reviewed annually by ARAC. These arrangements are supported by an online system to capture declarations. All Board member declarations are available via the Health Board's website, and members are also asked to declare interests at the start of every Board and committee meeting. Last year we reported that work was taking place to improve awareness and completion of the register of interests through a range of annual communication campaigns. This work is ongoing.
- 99 The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect fraud and overpayments. In January 2019, the Health Board received 5,103 data-matches through the NFI web application, of which 504 were higher risk and recommended for review. As at October 2019, the Health Board had made good progress in reviewing most of the high-risk payroll and procurement matches with enquiries ongoing in a small number of cases. Creditor payment matches had not been reviewed. The Health Board is now working with NHS Shared Services to make sure these matches are reviewed. The Auditor General is undertaking further work to examine the effectiveness of counter fraud arrangements across the public sector in Wales, with a view to publishing his findings in summer 2020. His work will be informed by local fieldwork commencing in late 2019.
- 100 The Health Board has a comprehensive Internal Audit programme of work in place, with sufficient resources for delivery, and effective approaches for reporting assurances or concerns. The new Head of Internal Audit has settled in well and following a briefing session with ARAC members in February 2019, previous concerns around the application of assurance ratings have been resolved.
- 101 ARAC has previously raised concerns regarding non-participation in clinical audits. A recent Welsh Health Circular (WHC)⁴ clearly stated that 'Health boards and trusts in Wales are required to fully participate in all national clinical audits and outcome reviews listed in the annual National Clinical Audit and Outcome Review Annual Plan'. The Clinical Audit Department has adopted a clear process for compiling the audit programme, which challenges non-participation by directorates to improve the number of national audits in which the Health Board participates. The strengthening of the QSEAC arrangements, as outlined in paragraph 90, an increased focus on clinical audit by the new AMD for Quality and Safety, and the need to adopt the WHC should help to improve national audit participation.
- 102 The Information Governance Committee (IGC) is now more focussed. This year our local follow-up work on clinical coding arrangements found that significant shortcomings remain. The IGC has helped to raise awareness of the issues and risks associated with clinical coding, although prioritising resources to this area is a problem. Last year, the Health Board's external cybersecurity assessment identified several improvement actions that were dependent on additional resources being made available. At the time of our work in 2019, Welsh Government funding was expected for two cyber

⁴ WHC/2019/006 – NHS Wales National Clinical Audit and Outcome Review Plan Annual Rolling Programme for 2019-20.

security posts, which has since been approved. When in place these posts will provide additional assurance regarding information security, and further ensure that the Health Board fulfils the requirements of the General Data Protection Regulations.

103 There continues to be a robust process for tracking recommendations by all regulators and holding officers to account where outstanding recommendations remain. Other NHS bodies are looking at the Health Board’s tracking arrangements as good practice.

Previous recommendations

104 In 2018, we made the following recommendations in relation to board effectiveness. **Exhibit 5** describes the progress made.

Exhibit 5: progress on previous structured assessment recommendations

Previous recommendations	Description of progress
<p>R1 To enable Board members to make well-informed decisions and to effectively scrutinise, the Board should agree the level and quality of information that it expects to receive, using the findings from the Board member survey to inform where improvements need to be made. (2018)</p>	<p>Along with the findings of recent self-assessments, the responses from our previous Board member survey have been considered to address areas of improvement. This has included the development of the interactive handbook. Complete</p>
<p>R2 To improve the effectiveness of committees, the Health Board should consider including time on committee agendas to reflect on the administration and conduct of the meeting, and the quality of information provided for scrutiny and assurance. (2018)</p>	<p>Refer to paragraph 93 Complete</p>

Managing workforce

105 We considered the action that the Health Board is taking to ensure that its workforce is well managed. We also reviewed progress against previous recommendations in relation to organisational development.

106 We found that **the Health Board compares well against a number of workforce metrics, is putting new initiatives in place to develop the workforce and support staff well-being, and is increasing the focus at Board and Committee level.**

107 Last year, we reported that the Health Board was managing its workforce effectively, but vacancies presented challenges and there was a need to put in place a learning and development plan.

108 **Exhibit 6** shows the Health Board's performance on some key measures compared with the Wales average for 2019. The Health Board's performance compares better across all five measures, and all measures are continuing to improve with the exception of vacancies, which have risen slightly.

Exhibit 6: performance against key workforce measures, July 2018 and July 2019⁵

Workforce measures (%)	Health Board July 2018	Health Board July 2019	Health Board July 2018 compared to 2019	Wales average July 2019
Sickness absence	5.1%	4.9%	↓	5.4%
Turnover	8.6%	7.9%	↓	7.1%
Vacancies	2.1%	2.6%	↑	2.9%
Appraisals	70.0%	79.7%	↑	69.5%
Statutory and mandatory training	72.0%	83.0%	↑	79.3%

Source: NHS Wales Workforce Dashboard, Health Education and Improvement Wales

- 109 Sickness absence rates are some of the lowest in Wales, with good scrutiny of sickness and the associated costs at the Workforce and Organisational Development Sub-Committee. Turnover and vacancy rates are the second lowest in Wales, reflecting the positive work that has been done by the Health Board in relation to its recruitment campaigns. Medical vacancies are however an outlier, although the Health Board still has a number of difficult to recruit specialties. Appraisal rates are the highest in Wales, and compliance with statutory and mandatory training is the second highest in Wales. The appraisal rate for medical staff is significantly high at 97%. However, workload pressures arising from medical staff vacancies is resulting in statutory and mandatory training compliance falling below the Wales average at just 34%.
- 110 Gaps in staffing levels has meant a continued reliance on the use of temporary staff. The percentage spend on agency pay is running at just below the Wales average which is positive, although there have been increases in agency spend for Allied Healthcare Professionals and Healthcare Scientists. Medical agency spend has reduced slightly. Bank and agency usage continue to be monitored on a weekly basis and presented to the Workforce Control Panel. Bank usage has increased but not enough to eradicate agency use. Although a slight decline in the percentage spend on agency for Nursing and Midwifery staff, performance remains the highest in Wales.
- 111 Despite overall positive workforce performance, learning and development remains a challenge. The Learning and Development team has been under-resourced and working without a manager for an extended period of time. The Executive Director of Workforce and Organisational Development recognises that they have achieved a lot despite these challenging circumstances and is providing

⁵ Sickness: rolling 12-month average at July; Turnover: 12-month period up to 1 July; Vacancy: based on advertised vacancies during July; Appraisal: preceding 12 months at July; Statutory and mandatory training: at July.

management oversight and guidance, and supporting the team to review what they do. To assist in that process, Swansea University has been invited to look at the ways in which the team is linked to academia.

- 112 In 2018 we reported that there was no systematic training plan and that remains unchanged in 2019. The current approach is not holistic with learning and development plans developed at directorate level. The intention is to establish what the training 'offer' should be and what capacity is available to provide it. The situation has become much more pressing now that the strategy is being implemented.
- 113 During the year, the Health and Wellbeing Group and the Anti-Bullying Group have been merged to become the Colleague Experience Group, which meets bi-monthly. It provides leadership and support in facilitating the health and well-being of staff as an integral part of corporate objectives. The new Chair has a strong interest in engaging and supporting staff, particularly to raise the trust necessary for them to feel confident about reporting concerns about services and other staff members. She intends to establish a 'speaking up safely' process at the Health Board. This is particularly timely given the findings of the review into maternity services at Cwm Taf University Health Board, which found that a culture of fear had led to under-reporting of incidents and concerns. Alongside the staff guardian approach, the programme of walkabouts for executives and IMs continues to provide them with an opportunity to hear staff concerns.
- 114 The Health Board continues to implement a substantive programme of organisational development work at all levels of staff. Initially delayed, the medical leadership organisational development programme has now been established and is starting to increase the number of medical staff putting themselves forward for leadership roles. The refreshed Medical Director structure has been implemented, with some very strong appointments in place.
- 115 A modernised workforce will be a key aspect of delivering the strategy successfully. The Transformation Programme's SEG will provide the necessary focus on skills and expertise through workforce planning and redesign, organisational development and transformation. A strong example of workforce modernisation is the recently launched Health and Care Apprentice Programme scheme, which has been well-received and is unique in Wales. The approach is based on investing in the development of the population within local communities to develop individuals from entry level to registration within their chosen profession in just over eight years. This type of approach embodies the five ways of working set out by the Wellbeing of Future Generations (Wales) Act 2015.
- 116 Apart from high-level performance against a number of workforce measures, workforce is not a key feature of Board and committees. Scrutiny of workforce and organisational development is currently the responsibility of QSEAC through the reporting sub-committee. This sub-committee has a wide coverage of workforce aspects but only the key quality and safety aspects get escalated up to the QSEAC and Board. The broader workforce and organisational development issues have not received the breadth of focus and scrutiny that they need. The Health Board has already recognised this and is in the process of subsuming the sub-committee into BPPAC to ensure that workforce and organisational development is given the board level attention needed to prepare the way for change and enable the strategy to be delivered.

Previous recommendations

- 117 In 2017, we made the following recommendations in relation to organisational development. [Exhibit 7](#) describes the progress made.

Exhibit 7: progress against previous structured assessment recommendations

Previous recommendations	Description of progress
R5 The Health Board needs to progress its work to develop its clinical directors at pace and provide the necessary support to its wider triumvirate teams to develop their management capabilities. (2017)	Refer to paragraph 114. Organisational development work has also been put in place to support the wider directorate teams. Complete

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Management response

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Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R1	We found scope to reduce potential duplication of assurance between the Business Planning and Performance Assurance Committee (BPPAC) with the Health and Care Strategy Delivery Group (HCSDG). The Health Board should clarify the reporting lines of the Health and Care Strategy Delivery Group to ensure that the risk of duplication of assurance is mitigated.	Simplified lines of assurance in relation to delivery of the Health Board's plans, which reduces duplication between HCSDG and BPPAC	Yes	Yes	The Board agreed the new governance arrangements at its meeting held on 30th January 2020. The paper clearly detailed the roles of the new BPPAC and the HCSDG (HCSDG will report to Executive Team instead of the Board which will reduce the risk of duplication with BPPAC). Terms of Reference and the Scheme of Delegation in terms of matters delegated to Committees will be reviewed and revised and presented to the Board in March 2020. The	April 2020	Board Secretary

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					new arrangements will come into operation from 1st April 2020.		
R2	We found that the Executive Performance Reviews (EPRs) do not apply to corporate directorates, with the exception of Estates. The Health Board should apply EPRs to corporate directorates not already covered within the process.	Consistent performance management processes across both clinical and non-clinical areas	Yes	Yes	The Health Board agrees corporate directorates should also be included in the EPRs. The Executive continue to have discussions relating to performance management arrangements as part of the Board governance review and review of managerial arrangements in the Operations Directorate. A new Performance Management Assurance Framework will be presented to Board for approval on 26 th March 2020, this will include the merger of the existing EPRs and Holding To Account meetings as well as the inclusion of corporate teams in the performance	April 2020	Director of Planning, Performance and Commissioning

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					review process. A schedule and agenda outline will be developed for the new meetings by 31 st March 2020. The Principal Project Manager for Turnaround and the Performance Manager will lead on developing the new performance review schedule and agenda.		
R3	We found that there is scope to empower the wider workforce to contribute to the transformational change agenda. The Health Board should implement practical solutions to engage the wider workforce in the change programme, for example by identifying change champions within individual services.	Increased engagement from staff in the transformational change agenda	Yes	Yes	<ul style="list-style-type: none"> Through the appointment of the clinical team within the TPO there is a focused direction of reaching the workforce to become engaged in delivering the Strategy. Leads are attending meetings within service areas to increase awareness, understanding and help staff to become involved. Formation of a core clinical group, comprising of the 	<p>April 2020</p> <p>February 2020</p>	<p>Medical Director</p> <p>Medical Director</p>

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>Associate Medical Director of Acute Services, Associate Medical Director of Primary Care, Associate Medical Director Transformation, Lead for Therapies & Health Sciences, Lead for Nursing, Medicines Management Lead.</p> <ul style="list-style-type: none"> • Prioritise the re-formation of a wider clinical reference group to support the clinically led delivery of the Strategy with a programme of regular workshops to test / challenge and inform the delivery of the strategic programmes. • Re-introduce workplace champions (developed during the Transforming Clinical Services programme Discover and 	<p>June 2020</p> <p>July 2020</p>	<p>Medical Director</p> <p>Director of Planning, Performance and Commissioning</p>

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>Design phases) in 2020 for delivery of the Strategy.</p> <ul style="list-style-type: none"> • Development of the use of a newsletter to engage with wider staff to empower them to contact clinical and project leads and become involved transformation projects and in champion roles. • Cohort 2 of the EQlip programme have ensured projects identified are supportive of teams delivering change projects in line with the Strategic direction. • Development of the “Hywel Dda Way”, a single gateway-managed process, standardised for all change programmes, large and small, that wraps governance and control around delivery whilst 	<p>June 2020</p> <p>April 2020</p> <p>July 2020</p>	<p>Director of Planning, Performance and Commissioning</p> <p>Director of Nursing, Quality and Patient Experience</p> <p>Director of Planning, Performance and Commissioning</p>

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>supporting all staff to be involved and lead in change; Providing project buddy system to advise and guide change projects, alongside appropriate project management skills development and training.</p> <ul style="list-style-type: none"> Continuation of leadership development programme delivery for: System Level Leadership for Improvement (SLLIP), Aspiring Medical Leaders Programme (AMLP), Medical Leadership Forum (MLF), Senior Nurse Leadership Development (STAR), with alignment to strategy direction and feeding in programme cohort graduates into involvement on priority change projects 	April 2020	Director of Workforce and OD

Ref	Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<ul style="list-style-type: none"> Development of social media platform for the strategy delivery programmes and Transformation Programme Office to celebrate success and share updates and strategy delivery news. 	July 2020	Director of Planning, Performance and Commissioning

UPDATED Management response to Structured Assessment 2017 & 2018 (Following WAO Feedback in Structured Assessment 2019)

Ref	Management response	Completion date	Progress as at 31 st January 2020
R3a (SA18)	<p>Recommendation - Operational meetings</p> <p>To free up capacity for both executive and operational teams, and to enable a more joined up focus on the use of resources, the Health Board should streamline the number of holding to account (HTA) or performance review meetings with operational teams by:</p> <p>(a) reviewing the frequency and timing of these meetings;</p>		
	<p><i>SA19 FEEDBACK - separate Holding to Account meetings are held with the Turnaround Director. Additional Holding to Account meetings are held with the Chief Executive and a number of Executive Directors where directorates are escalated. Separate check and challenge meetings are also taking place. The number of meetings that directorates have to attend, including the transformation groups, place considerable time pressures on directorate teams and the executives. The Health Board has recognised the opportunity to bring the Holding to Account meetings into the EPRs, particularly with the recent appointment of the Turnaround Director into the Executive Director of Operations role. The Health Board has increased the frequency of EPRs for directorates which are underperforming, although this is not yet reflected in the performance management framework.</i></p>		
	<p><i>Intended Benefit/Outcome –</i></p> <ol style="list-style-type: none"> 1. Increased capacity for both executive and operational teams. 2. Increased engagement from medical leads. 3. Improved visibility of executive teams across the Health Board. 4. A more streamlined focus on the use of resources. 		
	<p>Responsible Officers – Director of Planning, Performance & Commissioning/Director of Operations</p>		
	<p>Ensure the Holding To Account (HTA) meetings merge with the Executive Team Performance Reviews (ETPR) from April 2020 as this will reduce the burden on service leads and will make it more feasible for medical leads to attend (see R3c below for further details).</p> <p>Consideration to be given to the scheduling of the new meetings. ETPR meetings are currently held on Wednesday mornings to protect Wednesdays as a corporate day, with Executive Team meetings</p>	April 2020	<ul style="list-style-type: none"> • On 15th January 2020 the Director of Planning, Performance & Commissioning, the Director of Operations, the Principal Project Manager for Turnaround and the Performance Manager met to hold an initial discussion on the HTA / ETPR merger. • The proposed new Board governance arrangements were approved on 30th January 2020 and will be implemented from 1st April 2020.

Ref	Management response	Completion date	Progress as at 31 st January 2020
	<p>scheduled on Wednesday afternoons. However, Clinical Directors have since advised their attendance at the ETPRs will be increased if the reviews are scheduled for Thursday mornings to coincide with their protected time for managerial meetings (see R3c below).</p> <p>The Executive to continue to have ongoing discussions relating to performance management arrangements as part of the Board governance review and review of managerial arrangements in the Operations Directorate. A new Performance Management Assurance Framework will be presented to Board for approval on 26th March 2020. A schedule and agenda outline will be developed for the new combined meetings by 31st March 2020. The Principal Project Manager for Turnaround and the Performance Manager will lead on developing the new performance review schedule and agenda.</p>		<ul style="list-style-type: none"> An initial draft outline of the new performance management arrangements has been developed by the Director of Planning, Performance, Informatics and Commissioning in conjunction with the CEO, Director of Operations and Director of Finance. Work will continue over the next few weeks to determine how this can best be implemented.
R8 (SA17)	<p>Recommendation - To show leadership, visibility of the executive directors across the Health Board needs to extend to all directors and consideration needs to be made to holding meetings with operational teams away from the headquarters. (See R3b SA18 below)</p>		
R3b (SA18)	<p>Recommendation - Operational meetings</p> <p>To free up capacity for both executive and operational teams, and to enable a more joined up focus on the use of resources, the Health Board should streamline the number of holding to account (HTA) or performance review meetings with operational teams by:</p> <p>(b) reviewing the location of these meetings, to improve visibility of the executive team.</p> <p><i>SA19 FEEDBACK - The executive team are now much more visible through the EPRs and the Transformation Programme, although executive visibility in front-line operational services could be further strengthened as meetings continue to be held at headquarters.</i></p>		
	<p><i>Intended Benefit/Outcome –</i></p> <ol style="list-style-type: none"> 1. Increased capacity for both executive and operational teams. 2. Increased engagement from medical leads. 3. Improved visibility of executive teams across the Health Board. 4. A more streamlined focus on the use of resources. 		
	<p>Responsible Officers – Director of Planning, Performance & Commissioning/Director of Operations</p>		

Ref	Management response	Completion date	Progress as at 31 st January 2020
	<p>Due to car parking issues, corporate meetings will not be routinely held at our hospitals in order to protect as many parking spaces as possible for our patients and hospital staff. Therefore, the Executive Team Performance Reviews / Holding To Account meetings (and their successor (see SA18 3b below)) will continue to be held in Hafan Derwen, Carmarthen.</p> <p>However, the Health Board agrees Executive Directors need to be visible across the organisation and, as recognised in the 2019 Structured Assessment, steps have already been taken to improve and we continue to build on this.</p>	Completed	<ul style="list-style-type: none"> • There has been an increase in the number of Board walkabouts which has led to greater Executive Director and Independent Member presence across the organisation. Meeting dates for the coming months are: <ul style="list-style-type: none"> ○ 3rd February 2020 - Ward 5 PPH ○ 18th February 2020 - Ystwyth Ward, BGH ○ 10th March 2020 - PPH ○ 17th March 2020 – site to be confirmed ○ 1st April 2020 – site to be confirmed ○ 4th May 2020 – a.m. Carmarthenshire and p.m. GGH ○ 18th May 2020 - site to be confirmed (BGH or GGH) <p>These will continue further, with on 2-3 meetings per month already scheduled until May 2021.</p> <ul style="list-style-type: none"> • The Clinical Executive Directors and Director of Operations are visiting the acute sites: <ul style="list-style-type: none"> ○ 2nd December 2019 – Withybush General Hospital ○ 16th January 2020 – Glangwili General Hospital ○ 14th February 2020 – Prince Philip Hospital <p>Date to be confirmed – Bronglais General Hospital</p>
R3c (SA18)	<p>Recommendation - Operational meetings</p> <p>To free up capacity for both executive and operational teams, and to enable a more joined up focus on the use of resources, the Health Board should streamline the number of holding to account (HTA) or performance review meetings with operational teams by:</p> <p>(c) aligning these meetings with management sessions contained within job plans for clinical directors to enable them to participate fully.</p> <p><i>SA19 FEEDBACK - Medical representation at these meetings is still lacking. The newly appointed Deputy Medical Director for Acute Hospital Services is taking a lead identifying and streamlining which meetings require clinical directors and realigning job plans to allow them to attend meetings, such as the EPRs, which should improve medical attendance over time.</i></p> <p>Intended Benefit/Outcome –</p> <ol style="list-style-type: none"> 1. Increased capacity for both executive and operational teams. 2. Increased engagement from medical leads. 		

Ref	Management response	Completion date	Progress as at 31 st January 2020
	<p>3. Improved visibility of executive teams across the Health Board.</p> <p>4. A more streamlined focus on the use of resources.</p> <p>Responsible Officers – Medical Director/Director of Operations</p> <p>The Deputy Medical Director for Acute Hospital Services is now in post and has been working to fill vacancies within the clinical leadership structure, which will help to strengthen medical representation at operational meetings. The Deputy Medical Director for Acute Hospital Services will communicate the need for job plans for those clinicians holding managerial and leadership positions to be robust and for protected time to be allocated to enable clinical director engagement with relevant executive and operational meetings. The job plans of clinical leads need to ensure that leadership responsibilities can be managed and prioritised accordingly. Details of meetings requiring attendance need to be regular and consistent with sufficient advance communication to be provided of any changes to meeting arrangements (at least 6 weeks if the change results in a clash with clinical commitments) to enable clinicians/medical leads to attend without the risk of any disruption to service provision.</p>	April 2020	The Deputy Medical Director for Acute Services has identified time for Clinical Directors to attend managerial meetings. However this does not currently align with the current or proposed schedule for ETPRs. Performance management arrangements are currently under review by the Director of Planning, Performance, Informatics and Commissioning in conjunction with the CEO, Director of Operations and Director of Finance. Work will continue over the next few weeks to determine how this can best be implemented.
R4 (SA18)	<p>Recommendation - Strategic planning</p> <p>To ensure the delivery of its health and care strategy, the Health Board should seek to resolve the outstanding request for funding from the Welsh Government to support the capacity needed to implement the strategy with the intended timescales.</p> <p><i>SA19 FEEDBACK - Funding relating to costs incurred in 2018-19 was agreed by Welsh Government in December 2018 and allocation received in January 2019. Recurring funding for 2019-20 has not yet been confirmed.</i></p> <p>Intended Outcome/benefit –</p> <p>1. Increased capacity to implement the Health and Care Strategy.</p> <p>2. Reduced risk of delays to implementing the strategy.</p> <p>Responsible Officer – Director of Finance</p> <p>The Health Board have identified that funding of £4.4m per annum is required in total in order to provide support to deliver the programme of</p>	March 2020	Work still underway.

Ref	Management response	Completion date	Progress as at 31 st January 2020
	<p>change and to undertake work to develop the Programme Business Case.</p> <p>Welsh Government have confirmed that funding of £1.6m will be made available to the Health Board. This leaves a shortfall of £2.8m, which will need to be addressed as part of our planning deliberations.</p>		