# Structured Assessment 2018 – **Aneurin Bevan University Health Board**

# Contents

# About this report

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

2 Our 2018 structured assessment work has included interviews with officers and Independent Members, observations at board and committee and reviews of relevant documents, performance and financial data. We also conducted a survey of board members across all health boards and NHS trusts. Seventeen of the 23 (74%) board members invited to take part at the Health Board responded.

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

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

# Background

5 During 2017-18, the Health Board remained on routine monitoring under the NHS Wales Escalation and Intervention Framework[1]. It once again achieved a break-even financial position in 2017-18 and reported a £246,000 surplus at the year-end. It also secured an approved Integrated Medium-Term Plan (IMTP)[2] for 2018-2022 within the timeframe required by the Welsh Government.

6 The Health Board is at a key stage of implementing its Clinical Futures Strategy. This is a major transformation programme that covers the period to and beyond opening the Grange University Hospital. The Clinical Futures Strategy will affect both hospital-based services and those provided within the community. The Health Board secured funding for the Grange University Hospital in October 2016 and building work is well underway. In the meantime, the Health Board is committed to planning and implementing significant changes to the way health care is provided in the region. The next year is therefore critical in completing planning and initiating service change.

7 Our 2017 Structured Assessment concluded that the Health Board has a clear ambition and commitment to improving healthcare across South East Wales but will need to further strengthen some aspects of governance, risk management, estates management and workforce planning. We also highlighted several areas of good practice around the Health Board's approaches to financial

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[1] Joint Escalation and Intervention Arrangements

[2] Aneurin Bevan University Health Board - Integrated Medium-Term Plan 2018/19 - 2020/21

savings, its clear vision and long-standing governance arrangements and its management of resources, such as assets, workforce and information technology.

8       This report provides a commentary on key aspects of progress and issues arising since our last structured assessment review. This report should be read with consideration to our previous review.

# Main conclusions

9       **The Health Board has effective planning processes, but there is more to do to strengthen governance arrangements and performance against some key targets**.

10      The following sections consider the findings underpinning these conclusions in more detail. The Health Board has made some progress against our previous structured assessment recommendations, but more work is needed to address them in full. This is highlighted throughout the report and cross-referenced with a summary of overall progress against recommendations in Appendix 1.

# Governance

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

12      We found that **whilst the Health Board has established the necessary arrangements to support good governance, there is more to do to ensure they are operating as intended.**

## Conducting business effectively

13      We looked at how the Board organises itself to support the effective conduct of business. We found that **arrangements to support board and committee effectiveness are generally good with ongoing work to strengthen team working at the board.**

14      Sound governance arrangements are fundamental to help provide strategic direction, challenge the effectiveness of delivery and ensure that corrective actions resolve issues where they arise. The Board and committees have a good 'cycle of business' and operate effectively ensuring coverage of key issues. Board meeting administration is good. There is also clarity in decision making and recording. The Board and committees review their effectiveness annually. Three-fifths (60%) of board members completed the Board's most recent self-assessment in 2018, with the proportion responding lower than usual. Due to the turnover of Independent Members and changes to committee membership during 2018, the Board collectively assessed committee effectiveness, apart from the Audit Committee. The Audit Committee completed its own self-assessment based on the NHS Wales Committee Handbook. The Board discussed the self-assessment findings at one of its board development sessions and agreed a plan to address areas of learning and improvement.

15    During 2018, Independent Members continued to settle into their new roles and to develop relationships with each other and executive officers, relationships that are essential for an effective and cohesive board. The Board's self-assessment of its effectiveness found positive working relationships between Independent Members and Executive Directors, which is also reflected in our survey findings with 14 of the 17 (82%) board members reporting a mostly constructive relationship between executive officers and Independent Members. However, the Board's self-assessment also identified team working as a theme for improvement, which it is working to address.

16    Independent Members have been able to access the national induction programme and the Health Board is providing a range of training opportunities for Independent Members itself, including an induction programme to help new members get an understanding about the organisation, the complexity of the operational environment and their role in ensuring the organisation succeeds in achieving its objectives. Independent Members responding to our board member survey had mixed views about the induction programme, the training and support given to discharge their responsibilities and the programme of board development. Our survey found that:

- three of the nine (33%) Independent Members were satisfied or very satisfied with the induction programme for new board members compared with 65% of Independent Members across Wales;

- four of the nine (44%) Independent Members were satisfied or very satisfied with training and support given to discharge their responsibilities compared with 83% of Independent Members across Wales; and

- six of the nine (67%) Independent Members were satisfied or very satisfied with the programme of board development to support effective Board working compared with 85% of Independent Members across Wales.

17    The Chair appraises Independent Members to set personal objectives and to identify training and development needs. The Health Board is developing a new board training and development programme to address learning needs.

18    Since our last review, the Health Board has rebalanced the workload and portfolios amongst the executive team and established two new roles of Director of Operations and Director of Primary, Community and Mental Health. In addition, development opportunities have been provided for the executive team by rotating the role of Deputy Chief Executive.

19    We observed several Board and committee meetings and noted that they operated effectively. For example, we found effective administration and management of the meeting, good quality of debate, scrutiny and challenges with significant contribution from Independent Members and Executives. There were also good arrangements in place to escalate concerns to the Board. We observed that some committees often focus on similar issues or agenda items, although from a different perspective in line with the committees' terms of reference. We observed good communication and flows of information between the Quality and Patient Safety Committee and the Mental Health and Learning Disabilities Committee. However, some board members told us that such communication is not always systematic between committees. The Board's self-assessment of effectiveness also indicated a lack of understanding among board members about committee roles and responsibilities, leading to perceptions of duplication of work, which the Health Board is working to address.

## Managing risks to achieving strategic priorities

20    We looked at the Board's approach to assuring itself that it is managing risks to achieving priorities. We found **the Health Board is making progress to develop a board assurance framework, and work is underway to improve and strengthen risk management arrangements**.

21    A board assurance framework[3] (BAF) supported by an effective risk management system is critical for focusing the Board's attention on the risks to achieving strategic priorities. The Health Board is developing its BAF with support from the Audit and Assurance team.[4] The draft BAF was presented to the Audit Committee in October 2018 for comment. The Board planned to discuss the next iteration of the BAF at its February 2019 briefing session, so that it could consider any further information arising from the external review of its approach to risk management. There is ongoing work to map the strategic risks and the required sources of assurance within the BAF. The BAF is only in draft, and therefore, we have not formally reviewed it. Fifteen of the 17 (88%) board members responding to our survey agreed or strongly agreed that they were involved in identifying the strategic risks, which is comparable with the all Wales average (91%).

22    The Health Board's strategic risk management arrangements are generally fit for purpose and responses to our board member survey were mostly positive about them. We asked board members to what extent they agreed or disagreed with several statements about managing strategic risks. Our survey found that:

- 16 out of 17 (90%) board members agreed or strongly agreed that they understood the risks to achieving strategic objectives and how they were being managed (Wales average 91%);

- 14 out of 17 (80%) board members agreed or strongly agreed that the information presented to the Board allowed members to effectively scrutinise actions taken to mitigate risks (Wales average 77%); and

- 14 out of 17 (80%) board members agreed or strongly agreed that they were clear how risks are both managed and escalated to Board and committees (Wales average 86%).

23    The Health Board maintains a corporate risk register and routinely presents it to the Committees and the Board. In our 2017 Structured Assessment, we recommended the Health Board should review risk management arrangements to ensure corporate risks were appropriately escalated and managed (Recommendation 3, 2017). The Audit and Assurance team's report on the divisional risk management arrangements dated February 2018 provided reasonable assurance. The Audit and Assurance team identified several areas of good practice, such as effective communication of the risk management strategy, good control over major project and health and safety risks, effective reporting and discussion of risks in meetings throughout the organisation and senior officer and staff awareness of their responsibilities for managing risks. The Audit and Assurance team also made recommendations to improve the management of risk. This includes one high priority recommendation to introduce an 'action plan and priorities for the year' where the Executive Team and Board agree the

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[3] For the purposes of this report, the BAF is the key document used to record and report the Health Board's key strategic objectives, risks, controls and assurances to the Board.

[4] The NHS Wales Shared Services Partnership (NWSSP) – Audit and Assurance Service provides bilingual internal audit, specialist audit and consultancy services to the whole of the NHS in Wales.

developments required over risk management and resources and timescales are set and monitored to ensure their achievement.

24    We also found improvements in risk reporting. For example, the quarterly risk dashboard reports generated from the Corporate Risk Register provide a summary of the risks to make it more accessible to the Board. The Corporate Risk Dashboard Report is comprehensive and easy to understand and provides a good overview of the strategic risks of the Health Board. Eleven of the 29 risks set out in the Corporate Risk Dashboard Report presented to the Board in January 2019, were first captured on the corporate risk register in 2016 (1 risk only) and 2017. The Health Board reports that mitigating actions for managing risks are regularly reviewed for effectiveness, which is clear from the change in risks scores for several risks, including one identified in 2017.

25    The Health Board's current Risk Management Strategy sets out the definitions and principles underpinning its risk appetite in relation to ten core business areas, such as patient safety and finance. However, comments from board members responding to our survey indicate concerns about how the extent to which the risk appetite applies throughout the organisation and whether there is common understanding of the risk statement. These concerns should be addressed as part of the Health Board's plans to redevelop its risk appetite statement when the BAF has been finalised and populated with the strategic risks.

26    The Health Board recognises that it needs to strengthen risk management arrangements and has identified additional capacity and resources to complete a risk review, which is to fully report in March 2019. The Health Board has not clarified roles for collating and monitoring corporate and clinical risks or assessed whether it has sufficient capacity to oversee and improve risk management across the organisation.

## Embedding a sound system of assurance

27    We also examined whether the Health Board has an effective system of internal control to support board assurance. We found that **internal controls are in place and the Health Board is continuing to strengthen aspects of its clinical audit arrangements**.

28    Health Board business is conducted in accordance with Standing Financial Instructions, Standing Orders and a Scheme of Delegation, which set out roles, responsibilities and levels of authority. The Health Board uses the latest all-Wales version of Standing Financial Instructions[5] and Standing Orders[6] (dated 2014) which are reviewed annually by Audit Committee. A proposal to review existing Standing Financial Instructions was agreed at the all-Wales Directors of Finance meeting in November 2016. This work is ongoing and any changes to the model Standing Financial Instructions have yet to be formally agreed.

29    The Health Board has an up-to-date Scheme of Delegation (March 2018) and continues to raise awareness of the importance of completing the Register of Gifts, Hospitality and Sponsorships and Declarations of Interest.

30    The Audit Committee oversees and monitors compliance with Standing Financial Instructions, Standing Orders and a Scheme of Delegation. It regularly reviews reports on Governance, Financial

[5] Standing Financial Instructions for Health Boards - March 2014
[6] Standing Orders & Reservation and Delegation of Powers - March 2014

Control Procedures, Technical Accounting Issues, Single Tender Actions; and Payments over £100,000. The Audit Committee also formally reviews both the Register of Gifts, Hospitality and Sponsorships and Declarations of Interest each year with the latest reviews in March and April 2018.

31    The Board and Finance and Performance Committee routinely monitor both financial and operational performance. Performance management arrangements are robust and the Health Board takes action to address poor performance. Our review of the Health Board's Integrated Performance Reports found the quality of the information presented to be sufficient. The Health Board monitors performance against the IMTP with a focus on delivery against key national targets included in the Performance Dashboard. There are highlight reports for each of the seven service change plans underpinning the IMTP, which identify key achievements, areas of concern or risk and key actions for the next quarter. The Performance Dashboard is appended to the report and it identifies trends in performance and highlights areas of risk.

32    The Health Board procured a business intelligence system, Qlik Sense, in March 2018, which will be implemented over the next three years. We understand that the Qlik Sense system will enable the Health Board to combine data sources into a single view allowing users to analyse and interrogate relationships in the data. The Health Board anticipates that it will bring many benefits, including dynamic reports, real-time information, automation of performance dashboards, ability to link data with other key systems and a single location for reporting. The Health Board informed us that it has started to roll out the application for the Quality Dashboard, Accident and Emergency activity analysis, radiology referrals and activity, single cancer pathway monitoring and Vitalpac[7]. It plans further applications for inclusion by the end of December 2018.

33    Nine of the 17 (53%) board members responding to our survey indicated that the Board had agreed the information it needed for effective oversight and scrutiny compared with 75% of board members across Wales. Comments from a few board members responding to our survey indicate that the Board is still working to agree what type of information and the level of detail needed for scrutiny and assurance. Nonetheless, board members were generally positive about the information they received but were less positive about the balance between strategic and operational issues. Of the 17 respondents:

- 16 (94%) felt confident that the Board receives sufficient information to inform decision making;
- 15 (89%) felt confident that information received by the Board is sufficient to gain assurance on organisational risk and performance;
- 13 (77%) felt confident that information received by the Board covers the breadth of the organisation's business or functions, that information received by the Board covers all strategic issues and that information supports effective scrutiny;
- 11 (69%) felt confident in the quality and accuracy of information presented to the Board; and
- nine (53%) felt confident that the Board receives an appropriate balance between strategic and operational issues.

34    Our 2017 structured assessment work found that the volume of Board and committee papers was often several hundred pages and the duration of some meetings sometimes lasted up to five hours.

[7] Vitalpac is a mobile clinical system that monitors and analyses patients' vital signs to identify deteriorating conditions and provide risk scores to trigger the need for further necessary care.

The Health Board has introduced a new board and committee report format, which includes hyperlinks to additional background papers. The new format has helped to reduce the pack of papers and to focus on the key information needed for decision making. Board papers for the September 2018 meeting were 182 pages in length and the meeting lasted around three hours. The Health Board with its committee chairs is working to roll out these arrangement to the committees (Recommendation 2, 2017).

35   It is important that board members understand and assess organisational performance from patients' and service users' perspectives. The Health Board has developed a draft Quality Assurance and Improvement Framework[8] setting out how it will achieve this. The document covers quality assurance, professional regulation, patient experience, and quality improvement. Performance is monitored by the Quality and Patient Safety Committee at its bi-monthly meetings.

36   The Board considers a patient story at each of its meetings. In the past, patient stories were not always balanced to show both positive and negative aspects of care. However, the Health Board has done work during the year to address this and now link patient stories to key agenda items for each board meeting.

37   The Health Board has a schedule of quarterly Independent Member walkabouts where they can see and hear first-hand from staff about any safety concerns that they may have. These walkabouts promote a safety-oriented culture and ensure board members visibly demonstrate their commitment to safety by listening to and supporting staff when issues are raised. Independent Members provide written feedback on their visits to the Chair with information also provided to the Quality and Patient Safety Committee and Board. Just over half (55%) the Independent Members responding to our survey were satisfied or very satisfied with opportunities to meet staff and visit services and wards compared with two-thirds (65%) of Independent Members across Wales. We were informed that some Independent Members have been carrying out unscheduled walkabouts to clinical areas, which we understand has sometimes been disruptive to patient care. However, feedback from unscheduled visits is not formalised.

38   The Public Services Ombudsman for Wales (PSOW) report[9] identified an increase in complaints about the Health Board, from 90 to 121 (34%) between 2016-17 and 2017-18. The latest information reported to the Quality and Patient Safety Committee shows complaints continue to rise with the PSOW receiving 121 complaints about the Health Board between April 2018 and January 2019.

39   Health Board data on complaints and serious incidents between April and December 2018 indicate that:

- the total number of formal complaints received is reducing compared with the same period in 2017 but performance against the 30-day response target is also reducing. At December 2018, only 41% of complainants received a response within 30 days; and

- compliance with the 60-day closure for serious incidents is deteriorating; in November 2018 compliance was 63% in November 2018 and 29% in December 2018.

40   The Health Board's 'Putting Things Right' team deals with complaints, as well as serious incidents and PSOW cases. At this stage it is unclear whether the increase in complaints arise because there is

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[8] Aneurin Bevan University Health Board - Draft Quality Assurance and Improvement Framework
[9] Public Services Ombudsman for Wales - Annual Report and Accounts 2017/18

easier access to the complaints procedure, poor investigation and resolution of complaints or a reflection on the quality of complaint handling. The Health Board is working to address areas of improvement identified by the PSOW as part of its 'Putting Things Right' service improvement programme, which aims to improve performance and the quality of complaint and incident handling.

41    In May 2017, the Audit and Assurance team provided limited assurance on the Health Board's clinical audit arrangements. At that time, the Audit and Assurance team found that the Health Board did not maintain a programme of local clinical audits, there was an inconsistent process for following up clinical audit results, an ineffective mechanism for collating and reporting on directorate level clinical audit activity and no mechanism to identify clinical audit training and development opportunities for relevant staff. The Medical Director presented a position paper on clinical audit to the Audit Committee in February 2018, indicating that the Health Board had made significant progress to address the previous audit recommendations. At the time our audit, the Health Board was continuing its work on a clinical audit assurance map and developing the clinical audit strategy, with an update on progress provided to the Audit Committee in January 2019. The Health Board's draft Quality Assurance and Improvement Framework outlines its intention to improve the outcomes from National Clinical Audits year on year. Where the National Clinical Audit reports identify key issues for the Health Board, it will agree and develop actions to address the issues within three months of the report's publication. (Recommendation 4, 2017). However, the Quality Assurance and Improvement Framework makes no reference to local clinical audit.

42    The Audit Committee oversees progress against our recommendations and recommendations made by the Audit and Assurance team. Our review of the Audit Recommendation Tracker showed that many deadlines for completion against open recommendations date back to 2015, 2016 and 2017. Some recommendations had no target implementation date. The Health Board undertook work to address these outstanding recommendations and the Audit Committee received a report on the review of the audit tracker at its meeting in July 2018. This report indicated that significant progress had been made to address outstanding recommendations and the Executive Team recommended closing 58 of the 84 high-level recommendations, which the Audit Committee was satisfied were complete. At that time, there were no high priority (red) recommendations, but there were 23 medium priority (amber) recommendations. These were discussed at Executive Team and further work is underway to ensure actions are now completed. There is ongoing work to ensure recommendations are addressed in a timely way. At the time of our audit, the Health Board was developing a process to track progress against recommendations made by other regulators and inspectors, such as Healthcare Inspectorate Wales, for oversight by the Quality and Patient Safety Committee. Since our audit work, the Audit Committee was assured at its January 2019 meeting that the new tracking system had been introduced.

## Detecting and preventing fraud and overpayments

43    The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect fraud and overpayments by matching data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. It is a highly effective tool in detecting and preventing fraud and overpayments and helping organisations to strengthen their anti-fraud and corruption arrangements. We found that **the Health Board has generally made effective use of NFI**

**as a component of its counter-fraud arrangements but has yet to review all recommended data matches**.

44   In January 2017, the Health Board received 7,989 data-matches as part of the most recent biennial exercise. The data-matches highlight anomalies which when reviewed can help to identify fraud and error. Whilst we would not expect participants to review all data-matches, some of the matches are categorised as 'recommended matches'. These are matches considered to be of high risk and therefore recommended to be prioritised for early review. The Health Board received 458 recommended matches. In our 2016-17 Annual Audit Report, we reported that as at 20 November 2017 the Health Board had made good progress in reviewing the data-matches but had not reviewed three-way data-matches between payroll, creditor payments and Companies House. These are high-risk matches because they can identify undeclared staff interests and possible corrupt practices.

45   We recently carried out a further review of the Health Board's progress in reviewing the NFI data-matches. As at 30 November 2018, the Health Board has reviewed 336 data-matches. We consider that the Health Board has generally made effective use of NFI as a component of its counter-fraud arrangements. However, the NFI web application shows that whilst reviews of the recommended three-way data-matches between payroll, creditor payments and Companies House commenced in early 2018, it does not record that these reviews have been completed and matters arising resolved. It is essential that the Health Board ensures the review of these matches is completed as a matter as urgency. This is particularly important given that the reviewer notes within the NFI web application record instances where staff members had interests in companies that had not been declared to the Health Board.

46   To ensure that the Health Board continues to make effective use of NFI going forward, we recommend it puts in place an action plan to ensure that the matches it receives in January 2019, as part of the next NFI exercise, are prioritised for review and where necessary investigated in a timely manner.

## Ensuring a sound framework for information governance and cyber security

47   We found **the Health Board is working to strengthen cyber security and to achieve full compliance with response times for statutory information requests**.

48   Compliance with information governance training is improving and is currently 89% but it is still below the all-Wales target of 95%. In 2017, the Health Board's performance for staff compliance with its information governance training programme was reported at 83%.

49   The Health Board provided additional staff resources for its information governance unit from mid-2018 to strengthen the information confidentiality arrangements and work towards full GDPR compliance (Recommendation 5, 2017). The Health Board needs to ensure that it provides a timely response to statutory information requests in relation to the Freedom of Information (FOI) and Data Protection Acts. The Health Board is expected to respond to FOI requests within 20 working days and subject access requests in relation to the Data Protection Act within one month. The Health Board reports that the volume of FOI requests is growing and that it deals with on average 50 requests each month. Although response times to FOI requests started to improve towards the end of 2018 overall compliance was 73% for the year compared with 84% in 2017. Performance in relation to response times to data subject access requests began to improve towards the end of 2018 having fluctuated between 83% and 89% for much of the year. Overall compliance with data subject access requests for 2018 was 88% compared with 96% in relation in 2017.

50    In early 2018, an external review of information governance and information security was undertaken at the Health Board as part of a broader programme of work across NHS Wales. The Health Board has had an external cyber security assessment in 2018 which identified improvement actions. The Health Board is developing a cyber security action plan to respond to these recommendations and in doing so updating security patches and replacing unsupported software and hardware. At the time of our audit work, the Health Board was working to strengthen cyber security arrangements and planned to establish a specialist team to strengthen controls, resilience and incident response plans. Since our audit work, the Health Board has advised us that it is now implementing plans to strengthen cyber security. The Health Board needs to ensure that it updates its ICT disaster recovery plans and tests them following recent changes to the ICT infrastructure.

## Strategic planning

51    Our work examined how the Board sets strategic objectives for the organisation and how well the Health Board plans for the delivery of its objectives within the resources that it has or can make available. We also wanted to know if the Health Board is monitoring progress with these plans effectively. We found that **the Health Board has a clear vision supported by effective planning processes, and work is continuing to update plans for service re-design.**

### Setting the strategic direction

52    We looked at how the Board goes about setting its priorities in engagement with key stakeholders and whether it defines agreed objectives clearly in strategic plans. We found **the Health Board has an effective approach for engaging with stakeholders to inform strategy development**.

53    The Health Boards Clinical Futures Strategy clearly sets out the Health Board's aim to deliver a refreshed clinical model. The Board worked collectively to agree the strategic objectives and structured its IMTP into seven Service Change Plans (SCPs). The SCPs are aligned to the Health Board's priority areas and address the importance of the five ways of working required by the Well-being of Future Generations Act; drawing these work programmes from clinical service strategies, Divisional IMTPs and national programmes and priorities.

54    The Health Board's Engagement Strategy (2015)[10] recognises the need for effective engagement and communication with service-users and patients to be equal partners with professionals in decisions about healthcare and outcomes they want from services they use. In 2017, we recommended that the Health Board review, refresh and update the Engagement Strategy as it was out of date in some areas. The Health Board has indicated that the revised Engagement Strategy will be presented to the Board for approval at its March 2019 meeting.

55    In 2018, the Health Board set up a specific workstream on Workforce and Organisational Development/Staff Engagement as part of its Clinical Futures Programme. At the time of our audit it was consulting with staff groups and the Trade Union Partnership Forum on a new Employee Experience Framework (Recommendation 7, 2017).

[10] Aneurin Bevan University Health Board - Engagement Strategy

56    The Health Board engages formally with stakeholders when seeking views on its strategic aims and priorities, and the shape of clinical services. The Health Board uses various methods, such as workshops and public forums to engage with stakeholders, and as part of the Clinical Futures Programme, it also established a workstream on Communications and Engagement, which is led by the Board Secretary. We also noted the frequent use of social media by the Health Board and the Chief Executive in particular to communicate and promote IMTP planning sessions and the Clinical Futures Strategy.

57    The Health Board is a member of the Greater Gwent Regional Partnership Board and five Public Service Boards, which ensures alignment between the IMTP and the Greater Gwent Area and Well-being plans. Our board member survey found that 15 of the 17 (88%) individuals responding felt that the organisation effectively engages with statutory partners and the third sector when developing and setting its strategic objectives. The Health Board's Public Partnership and Well-being Committee oversees partnership engagement and the Independent Chair of the Regional Partnership Board attends this committee meeting to provide updates. Minutes of the Regional Partnership Board and Public Service Boards meetings are also presented to the Public Partnership and Well-being Committee for information. The Public Partnership and Well-being Committee is responsible for oversight and scrutiny of the Health Board's contribution to the delivery of the Area and Well-being plans.[11]

## Developing strategic plans

58    We considered the Health Board's approach to developing the strategic plan and whether it is underpinned by appropriate strategies and plans that are based on cost, resource and savings analysis. We found **the Health Board has a strong planning approach underpinned by an analysis of demand and capacity with ongoing work to update service models underpinning the Clinical Futures Strategy.**

59    The Health Board has a clear and agreed planning approach, which enabled it to co-ordinate the development of the IMTP. The Health Board's IMTP Business Planning Guidance sets out the approach for developing divisional IMTPs and implementing the overarching IMTP between 2018 and 2021. The Health Board's divisions are encouraged to look beyond the three-year planning cycle to align the local IMTPs with the Clinical Futures Strategy. The divisional IMTP planning templates set out headings for the core business over the planning period, which are then populated within service areas. These are also profiled for delivery against the Welsh Government Delivery and Outcomes Framework.

60    The Health Board has invested in extra capacity within the Planning Team introducing a lead planner for each division mirroring the business partner model for finance and workforce. The Health Board's IMTP planning approach is also informed by learning and evaluation. The Planning Team seeks views from across the organisation and the Welsh Government and uses learning from other Health Boards to develop the planning guidance for the following year.

[11] Each local authority and health board is required to prepare and publish a regional area plan setting out the range and level of services they propose to provide or arrange to be provided in response to an assessment of need. Each local authority is required to develop a wellbeing plan, outlining objectives for improving wellbeing in its communities and meeting its duties under the Future Generations Act (2015).

61   Analysis of demand and capacity supports strategic planning. The IMTP planning templates require the Divisions to outline their approach for demand and capacity planning and to show how it contributes to development of the organisation-wide IMTP. Demand and capacity planning is not consistent across all areas of the Health Board, for example it is not as strong in primary care, frailty and district nursing than in other parts of the organisation.

62   The IMTP is underpinned by the Health Board's Clinical Futures Strategy, which aims to deliver a refreshed clinical model. The Health Board is working to produce an overarching workforce plan by the end of March 2019 to support the Clinical Futures Strategy and the timely opening of the Grange University Hospital. In order to complete the overarching workforce plan, the Health Board agreed an ambitious timetable to update the 54 clinical service models by the end of December 2018. At the time of our audit, the Health Board's own risk assessment indicated that not all service plans would be completed on time. Since our audit work, the Health Board has advised that it has completed work on the clinical service models and that further work is underway to assess their impact and commence implementation.

## Monitoring delivery of the strategic plan

63   Finally, we looked at whether the Health Board is effectively monitoring and reporting on progress with implementing strategic plans and supporting strategic change programmes. We found **the Health Board has arrangements for monitoring and reporting on delivery of the IMTP and the Clinical Futures Strategy**.

64   As part of our review we considered the scrutiny and challenge on IMTP delivery as well as the content of the plans. The Planning and Performance Team reports progress against IMTP delivery to both the Finance and Performance Committee and the Board on a quarterly basis, while the Executive Team also reviews performance against all parts of the IMTP.

65   The Health Board has approved its IMTP Delivery Framework in July 2018, which sets out how the organisation ensures delivery of the strategic objectives. The IMTP Delivery Framework reinforces the importance of performance at individual, team, division and organisational level. This enables the Board to assess progress, learn from its performance and act where necessary. Our board member survey found that all members responding agreed that the information they receive gives them a good understanding of how well the organisation performs against its IMTP.

66   The Health Board recognises that it needs robust governance arrangements to ensure its delivery of the Clinical Futures Strategy. The Chief Executive chairs the Delivery Board and is the Senior Responsible Officer (SRO) for the programme. Members of the Executive Team chair the seven subgroups responsible for delivering specific workstreams, which are: Service Re-design; Workforce and Organisational Design; Strategic Capital and Estates; Communication and Engagement; Supporting Infrastructure; Information Technology; and the Grange University Hospital Build. The Health Board has appointed a Programme Director and set up a project timeline to support delivery of the strategy.

67   The Director of Planning and Performance reports progress against delivery of the Clinical Futures Strategy to both the Planning and Strategic Change Committee and the Board. We reviewed the content of the Clinical Futures progress reports and found them to provide enough information to enable effective monitoring of progress, risks and issues. Our board member survey found that 16 of

the 17 (94%) individuals responding agreed that the information they receive gives them a good understanding of how well the organisation performs against strategic change programme delivery.

68    The Health Board continually self-assesses its overall progress in delivering the Clinical Futures Strategy. During our fieldwork this was rated as 'Amber' indicating that some progress is being made with delivery to date in most but not all areas and there are some risks with mitigation plans, requiring the Health Board to monitor or take action. The Amber rating broadly reflects the ratings for individual workstreams, except for the workstreams for the Grange University Hospital Build and Communication and Engagement which are both 'Green'. The Welsh Government Gateway review[12] completed in July 2018 further reinforces this assessment by giving an overall delivery confidence assessment of 'Amber' and outlines recommendations to ensure success. We have seen evidence that an action plan is in place and formed part of the discussion at the Clinical Futures Delivery Board meeting in September 2018.

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

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

70    We found that **the Health Board has a track record in managing resources effectively and a good developing approach to improving productivity, although some aspects are not always sufficiently strategic or detailed and performance against some key targets needs to improve**.

### Managing the workforce

71    The workforce is the Health Board's biggest asset, not least because pay represents such a significant proportion of expenditure. It is important the workforce is well managed and productive because staff are critical for day-to-day service delivery and for delivering efficiency savings and quality improvements. We found that **the Health Board is actively managing workforce issues, but sickness absence rates remain above the Welsh Government target and compliance with statutory and mandatory training, the appraisal process and consultant job planning need to improve**.

72    The following table shows how the Health Board is performing on some key measures compared to the Wales average. Exhibit 1 shows the Health Board compares more favourably against the Wales average across two measures and less favourably with the Wales average across three measures.

[12] The OGC Gateway Process examines programmes and projects at key decision points in their lifecycle. It looks ahead to provide assurance that they can progress successfully to the next stage; the process is best practice in central civil government, the health sector, local government and Defence.

Exhibit 1: performance against key workforce measures[13]

| Workforce measures | Health board | Wales average |
|---|---|---|
| Sickness absence | 5.2% | 5.3% |
| Turnover | 7.8% | 6.9% |
| Vacancy | 3.4% | 2.6% |
| Appraisals | 74% | 67% |
| Statutory and mandatory training | 67% | 73% |

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

### Sickness absence

73    Exhibit 1 shows the Health Board's performance on sickness absence is marginally better than the Wales average. Although the Health Board has arrangements in place to manage sickness absence, the rolling 12-month average has not changed, fluctuating around 5.2%, which is slightly above the Health Board's target of 5%. The monthly figures reported to the Board shows that the monthly rate reduced below 5% between April and August 2018 but this reduction has not been sustained. Its arrangements include management coaching for divisional managers and enabling staff to complete alternative duties to encourage an earlier return to work. Divisions use monthly scorecards to monitor sickness absence, and at assurance meetings managers identify themes, hotspot areas and innovative models for reducing sickness. The Health Board has a Sickness Task and Finish Group that develops tools and engages with staff to promote better sickness absence management. The Audit and Assurance Service's review of sickness absence management provided reasonable assurance (May 2018) and identified several areas of good practice.

### Turnover

74    Exhibit 1 shows that the Health Board's turnover rate is higher than the Wales average and is experiencing difficulties maintaining low levels of turnover. Turnover amongst nursing and midwifery staff is largely related to retirement.

75    To support staff retention, the Health Board developed an Employee Experience Framework, which has been finalised, ready for implementation in February 2019. The Employee Experience Framework outlines six components for positive engagement and wellbeing and provides detail on current practice and what improving and ambitious progress would look like. The Health Board is actively introducing arrangements to retain staff and understand the reasons for them leaving. It runs monthly sessions aimed at staff approaching retirement to provide information on flexible working choices to enable them to continue working for the organisation if they want to. The Health Board has introduced an

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

online exit questionnaire for all staff, although the response rate is reported to be low. The Health Board is working to encourage better completion. The Health Board is implementing an 18-point nurse retention plan, which is monitored by the Workforce and Organisational Development Team and Strategic Nursing Group.

### Vacancies

76    Exhibit 1 above shows that the vacancy rate in July 2018, based on posts advertised, was 3.4% compared to the Wales average (2.6.%). Our analysis of the NHS Wales Workforce, Education and Development Service (WEDs) data shows that the overall number of vacancies has remained consistent since the same period in 2017. The Health Board is tackling recruitment across all staff groups with some success. The latest Workforce Performance Update Report (dated October 2018) highlighted the significant work underway. For example, the Health Board is reviewing recruitment advertising and branding, developing medical recruitment timeline key performance indicators (KPIs), recruiting doctors from India and holding events for overseas-trained nurses living in the UK.

77    The Health Board is involved in the national programme for the recruitment streamlining process for newly qualified nurses and it has introduced successful apprenticeship schemes and support for administrative staff to become Healthcare Support Workers. The Health Board is also introducing alternative staffing models to encourage cross professional working and to help minimise risks from vacancies, such as appointing physicians associates to paediatric services, frailty services, unscheduled care and primary care, extending nursing roles to deliver enhanced services and blended therapy roles and therapy assistant practitioner support roles.

78    Performance against the recruitment target, that is the time from a manager requesting a vacancy to an unconditional offer, exceeded the 71 day target every month from April 2018. The Health Board has introduced improvement plans with managers telling us they are starting to see improvements and in December the average time taken to recruit was 67.9 days.

79    The Health Board is seeking to reduce its reliance on agency and locum staff, for example, by increasing the use of its nurse bank staff. The latest Workforce Performance Update Report (dated October 2018) shows that the Health Board had some success. It has reduced spending on agency and medical agency staff and increased its bank spend between July and August 2018. Although, we noted a decrease in the use of medical agency staff costs (locums), the Health Board does not expect to achieve the Welsh Government savings target. Expenditure on Agency (including Locums) at premium rates was 3.9% of total pay in April 2018, and whilst it fluctuates through the year (falling to 3.2% in August 2018) it is estimated to increase to 4.6% of total pay by March 2019. The Health Board is piloting a new Medical Locum Bank system called 'Patchwork'[14]. The main aim of introducing the system is to increase the numbers of staff on the Medical Locum Bank to maximise fill rates during the winter, which will also help to reduce medical agency spend.

80    The Health Board has put arrangements in place to meet the requirements of the Nurse Staffing (Wales) Act 2016.[15] However, continuing challenges remain to ensure sufficient levels of nurse staffing, because of shortfalls of available staff and increased service demand.

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[14] https://patchwork.health/
[15] Nurse Staffing Levels (Wales) Act - Legislation

### Appraisals

81   Compliance with the appraisal process, Personal Annual Development Reviews (PADR) is improving. Exhibit 1 shows that three-quarters of the Health Board's staff (74%) had had an appraisal and development review in the last 12 months, which is better than the Wales average but still below the all-Wales target of 85%. The Health Board has one of the highest compliance rates across Wales. The Audit and Assurance Service review of the Health Board's PADR arrangements provided limited assurance (dated 24 May 2018) and it identified the quality and completion as areas for improvement. The Health Board is taking urgent action by including a PADR module in the middle management development programme. Other actions include introducing a medical appraisal process into secondary care (Workforce Performance Update Report, October 2018). However, according to a report presented to Board on Medical Appraisals and Revalidation in September 2018, the Health Board still needs to introduce a way of offering more support to locum doctors to ensure they can and do access timely appraisal.

82   The Health Board's People Plan sets out objectives linked to training and development linking to IMTP priorities. The Health Board uses PADRs to identify individual training and development needs. It has also introduced a development programme for managers and supervisors focusing on developing people management skills and to support the Clinical Futures Transformational Change Programme. The Director of Workforce and Organisational Development reports on progress against the training and development plan to the Finance and Performance Committee as part of the Workforce Performance Update. We also found various subcommittees receive progress reports against the People Plan.

83   We found improvements in the proportion of consultants completing the job planning process from 58% in April 2018 to 79% in December 2018, although compliance is still well below the 100% target. The Health Board is working to improve performance. It is replicating the escalation process used for medical revalidation and appraisal, where the Medical Director issues reminder letters to consultants prompting them to complete their job plans.

### Statutory and mandatory training

84   A continuing challenge for the Health Board is to improve compliance with statutory and mandatory training. Exhibit 1 shows the Health Board's performance (67%) is below the Wales average (73%) and well below target (85%). Staff that we met told us that some groups of staff are unwilling to complete the training or prioritise the requirements of professional bodies or other regulators over statutory and mandatory training. Also, issues with IT systems limit the overall clinical workforce's access to Statutory and Mandatory training modules resulting in introducing group/face-to-face training in some areas.

### Staff engagement and wellbeing

85   The Health Board uses results from the NHS Staff Survey, custom-made surveys and face-to-face interventions to understand staff views. The 2018 NHS staff survey results show continued improvement in 2018 from the 2013 and 2016 NHS staff surveys results. Improvements include overall staff engagement and staff advocacy. It highlights some areas where the Health Board needs to improve, including bullying and harassment from patients and colleagues, and staff confidence in

delivering services in Welsh. The Health Board is addressing these areas. The Health Board is committed to improving staff safety and wellbeing by encouraging staff to access services, such as online counselling, employee wellbeing listening service and wellbeing initiatives like the Chill-Out Chapel at the Royal Gwent Hospital. Meanwhile, the Mental Health and Learning Disability Division is developing a wellbeing programme for its staff that focuses on effective stress management and promoting wellbeing.

## Managing the finances

86    We considered financial and budget management, financial controls, and operational support and processes. We found that **in general, the financial management of the Health Board is strong and improving; nevertheless, there are challenges in managing financial risks.**

87    The Health Board met its financial duties in each of the last three financial years by achieving 'break-even' and has made a small surplus each year.

88    The IMTP submitted to the Welsh Government in March 2018 identified a financial risk of £14 million for 2018-19 made up as follows:

- Underlying deficit £19 million
- Cost pressures £45 million
- Identified savings £19 million
- Additional allocation funding £31 million

89    The position at the end of November 2018 (after month 8) was as follows:

- Additional identified savings £9 million
- Accountancy gains £3 million
- Cost revisions £5 million
- Reduced brokerage £3 million

90    The net effect of each of the above adjustments produces a forecast break-even position at the end of 2018-19. The securing of the additional funding is subject to a range of targets being met so the Health Board considers that an estimated £4 million is 'at risk' if key targets are not met by the end of the year. The Health Board currently has £4.197 million funding held in reserve, of this only £0.151 million is not committed. The remaining reserve supports Health Board provisions including the Welsh Risk Pool (£1.5 million), remaining pension auto enrolment commitments, Treatment Fund and NICE TA implementation (£1.66 million) and other remaining smaller IMTP commitments.

91    At the end of November, the discretionary capital expenditure programme was broadly in line with plans submitted to the Welsh Government with a cumulative underspend of £0.5 million due to 'slippage' on a number of schemes. This is offset by a current forecast overspend against the Grange Hospital Scheme of around £0.5 million. The current forecast spend is £32.884 million for the project as a whole compared to the approved funding allocation of £32.404 million.

92    Our 2017 structured assessment work provided detailed information on the Health Board's arrangements for planning and delivering cost improvements and financial savings. We found that the Health Board had effective arrangements, but Executive team and Independent Members needed more detailed information on progress against savings schemes/plans. The Finance Team now provides more summary information, more detail in Board reports, has adjusted the risk ratings of

savings plans to reduce ambiguity and also now places more emphasis on the delivery of savings plans. Savings plans are also discussed in more detail at divisional finance assurance meetings (Recommendation 1, 2017).

93    The Health Board is starting to move away from traditional cost improvement programmes, although there is still some reliance on transactional savings. It has developed a framework that aligns performance and cost drivers to efficiency. However, the Health Board estimates that it could save up to £22 million by reducing levels of sickness absence, temporary staffing costs and lengths of stay to benchmark levels. It has already acted to make more effective use of bank services and reduce reliance on agency staff referred to above. However, this remains a challenge and the Health Board is not realising the full potential benefits because of staffing shortages, particularly in key service areas.

94    Our annual accounts audit work has found the Health Board has good financial management and control arrangements in place. This enables the Auditor General to certify each year's accounts as materially 'true and fair'.

95    Procurement is undertaken by the NWSSP - Procurement Service (Procurement team),[16] on the Health Board's behalf. There is an all-Wales Procurement Strategy, underpinned by an all Wales business plan but there is no overall Health Board procurement plan. In common with other NHS bodies, the Health Board has a service level agreement with the Shared Services Partnership. The Health Board also uses its SFIs to guide procurement practice. The Audit and Assurance Service's review of Non-Pay Expenditure provided reasonable assurance (dated 18 May 2018). The report identified the lack of a detailed service level agreement, out-of-date policies and procedures and non-compliance with the Financial Control procedure. We understand that the Procurement team is drafting a new set of policies and procedures on behalf of the Health Board.

96    The Health Board has recently secured a fully established procurement team with sufficient resources in place and evidence of training and development that should help deliver an effective service. The Health Board employs two procurement officers and commissions the remaining procurement function through the Shared Service. The Procurement team uses a business partner approach and procurement leads are based within each division to work with service managers and suppliers to secure value for money and in doing so improve patient outcomes.

97    Our board member survey found that nine of the 17 (53%) individuals responding were either not sure or not confident that the way procurement is managed within the organisation achieves value for money. The Health Board identifies the level of procurement savings it plans to make at the start of the financial year. The NHS Wales Shared Services Partnership performance summary report shows that the Health Board had secured procurement savings totalling £4.2 million between April and September 2018, more than double the planned target (£1.8 million) for the year. There are regular meetings between the Head of Procurement and Director of Finance and an annual procurement report is presented to the Board. There is also evidence to suggest that information on procurement risk is shared effectively between NWSSP and the Health Board.

[16] The NHS Wales Shared Services Partnership (NWSSP) is an independent organisation, owned and directed by NHS Wales. NWSSP supports NHS Wales through the provision of a comprehensive range of high-quality, customer-focused support functions and services.

## Performance, Efficiency and Productivity

98    We looked at what the organisation is doing to improve performance, efficiency and productivity. We found the **Health Board is not delivering against all key access targets, but it is actively improving its arrangements to secure efficiency and productivity.**

### Key waiting time targets

99    The Health Board has had a challenging year, and **while performance has improved in some areas, others such as meeting waiting time targets in Scheduled and Unscheduled Care remain a significant challenge.**

100    Exhibit 2 shows targets and comparative performance for November 2017 and November 2018. There have been improvements in waiting times for scheduled care but a deterioration in waiting times performance related to emergency care. However, performance against all the measures is outside the IMTP planned performance profile and national targets.

**Exhibit 2: Comparison of Scheduled and Unscheduled Care Performance between November 2017 and November 2018**

| Measure | National Target | IMTP Target | November 2017 | November 2018 |
|---|---|---|---|---|
| **Referral to Treatment** | | | | |
| Patients waiting less than 26 weeks for treatment | 95% | 86% | 89.5% | 91.1% |
| Patients waiting more than 36 weeks for treatment | 0 | 0 | 1539 | 280 |
| Patients waiting more than eight weeks for a specified diagnostic | 0 | 0 | 1675 | 5 |
| **Emergency Department** | | | | |
| Number of ambulance handovers over one hour | 0 | 83 | 309 | 495 |
| Percentage of patients waiting less than four hours in A&E | 95% | 88.7% | 84.9% | 74.8% |
| Number of patients waiting more than 12 hours in A&E | 0 | 0 | 393 | 470 |

Source: Aneurin Bevan University Health Board Integrated Performance Dashboard Report dated December 2018

101 Performance in relation to the number of patients whose follow-up outpatient appointment was delayed remains a concern. The number of delayed follow-up outpatient appointments is largely unchanged during 2018. Reducing the number of delayed follow-up appointments is a key part of the Health Board's work to transform and improve services. However, the Health Board indicates that since September 2018, in some clinical specialties work has focused on reducing referral waiting times rather than reducing delayed follow-up appointments.

### Improving Patient Flow, Managing Demand for Diagnostic Services and Improving Access to Services

102 Our work this year has considered the Health Board's approach to improving patient flow, managing demand for diagnostic services and improving access to services. Our findings show **the Health Board is investing resources to address areas of underperformance and achieve some positive outcomes.**

103 The Aneurin Bevan Continuous Improvement Team (ABCi)[17] is helping to improve productivity, efficiency and patient flow through improvement collaboratives.[18] Its work on preventing pressure ulcers and the patient flow re-alignment programme within the Health Board's Unscheduled Care Division has led to some notable improvements, including:

- between September 2017 and May 2018, more than 50 pressure ulcers were prevented across the six wards taking part in the collaborative. This is a reduction in the number of pressure sores by almost 50% compared to the year before the collaborative started. The Health Board is confident that this means safer care for patients and it estimates that it has saved £309,119.

- the Integrated Performance Report to the Board (dated January 2018) shows the Unscheduled Care Collaborative continues to see reductions in length of stay (LOS) and early discharges.

The Health Board is actively scaling up both projects to maximise the benefit across more wards and departments.

104 The Health Board is also acting to improve patient flow and reports success by:

- transferring patient flow staff from the corporate management teams to the Royal Gwent Hospital (RGH) and Nevill Hall Hospital (NHH) resulting in flow improvements at both sites;

- expanding its Frailty Unit at RGH to prevent avoidable admissions by assessing out patients at the 'front door' of A&E;

- developing business cases to secure permanent discharge co-ordinators and a transfer team at RGH; and

- Therapy Services now remind patients of clinic appointments by text message.

[17] The Aneurin Bevan Continuous Improvement team (ABCi) was established in 2013 with the aim of supporting staff by helping them to improve the services they provide. It uses improvement methodologies and creates space for innovation by bringing organisations and professionals together to co-create solutions.

[18] ABCi Improvement Collaboratives

105    The Audit and Assurance review of the Health Board's arrangements for Scheduled Care Diagnostics within Radiology provided reasonable assurance and identified several areas of good practice in relation to the department's processes and its approach to addressing waiting list times.

## Productivity and efficiency

106    Our work this year has considered the Health Board's efficiency and productivity arrangements. Our findings show the **Health Board has embraced prudent and value-based healthcare and its benchmarking approach identifies notable savings through efficiency opportunities**.

107    The Health Board has developed a value-based healthcare programme that aligns with the Clinical Futures Strategy and its IMTP, and delivery through the SCPs. The approach allows the Health Board to: review costs and outcomes across care pathways: identify where and how to reallocate resources to make better use of them; and to deliver improved outcomes and quality for patients. The programme brief provides a detailed description of the programme, its objectives, desired outcomes, output benefits, risks, dependencies, costs and timescales. The infrastructure supporting the programme consists of Executive level support from the Medical Director and Director of Finance, a dedicated Value Team, Assistant Medical Directors and the Finance/Benchmarking Team. The Health Board's organisation-level approach resulted in nomination for the values-based healthcare prize during 2018.

108    The Health Board is progressing 24 value-based healthcare workstreams, which are at various stages of maturity, and operational and strategic oversight is provided by the Executive Team Quality and Patient Safety Committee, and the Board. Managers described some notable successes in its work around mental health and follow-up outpatients. The Health Board's IMTP sets out how it is applying values-based healthcare principles to workforce configuration for re-designing the vascular pathway, treating paediatric constipation and tele-dermatology with GP minor surgery, which should result in a fall of inappropriate demand and cost. The Value Team is assessing each workstream to understand its success and aims to apply learning to forthcoming work on diabetes. A report to the Quality and Patient Safety Committee during November 2017 highlighted the need to improve in-house IT capability and capacity to further improve the values-based healthcare programme.

109    The Health Board actively participates in benchmarking activities. It has a dedicated benchmarking team and is a member of CHKS[19] and the NHS Benchmarking club. Its participation in benchmarking has helped it to identify some notable savings through efficiency opportunities. As already mentioned in paragraph 90 above, the Health Board's Finance and Performance Report (dated September 2018) indicates that its savings plans include £5 million of deliverable efficiency opportunities and benchmarking intelligence has identified further potential savings totalling £22 million by:

●    reducing lengths of stay, readmissions and the incidence of falls;

●    improving theatre productivity and the use of outpatients;

●    reducing staff sickness levels; and

●    reducing the use of medical and nursing agency staff.

[19] http://www.chks.co.uk/

110    Our board member survey found that 12 of the 17 (70%) individuals responding were clear about the actions the organisation is taking to make cost improvements and improve service efficiency.

## Use of informatics to support service delivery

111    We assessed the Health Board's arrangements to utilise technology to support service delivery. We found that **there is a good strategic approach in the informatics service, but it needs focused investment and stronger oversight of the impact of national IT system risks**.

112    The Health Board agreed a five-year informatics strategic outline programme (SOP), which was first produced in late 2016. The SOP is now subject to revision and reprioritisation as part of a wider digital transformation strategy in line with the Health Board's priorities and budget availability. The Health Board plans to consult on, complete and approve the digital transformation strategy by the end of December 2019. It has set up a Transformation to Digital Delivery Board to oversee the delivery of the digital programme.

113    Transformation projects, enabled by digital technology, have the potential to improve productivity and deliver efficiencies. Delivery of the Digital Strategy and investments in new digital technologies, for example, diagnostics modernisation, tele-health, e-Pharmacy and patient flow initiatives will rely on a modern and resilient ICT infrastructure to support it.

114    Overall, informatics funding was provided in 2017-18 for ICT infrastructure and technology upgrades. Despite this additional investment, several risks remain in relation to the availability of and delays in implementing national IT systems. For example, the delay of the Welsh Community Care Information System presents a lost opportunity because of the lack of reliable community-based service and productivity information.

115    There are several positive local initiatives and pilot projects that use technology to support improved patient flow and tele-health. An Information Communications Technology (ICT) department structure is in place but continued constraints on resources (Recommendation 5, 2017) may limit the extent to which ICT can support the existing IT infrastructure and service change through enabling digital technologies. This may also present business continuity and resilience risks because of ageing ICT infrastructure.

116    For the past year, the Information Governance Committee has scrutinised the work of the Informatics Department. However, to be more effective, it should strengthen its focus on overseeing delivery of the information governance and technology strategic plans rather than operational matters.

## Managing the estate and other physical assets

117    Finally, we considered how the Health Board is managing its estate and physical assets. We found that **the Health Board's management of assets, particularly medical equipment devices, needs to be more rigorous and strategic**.

118    In last year's Structured Assessment, we recommended that the Health Board develop an Estates Strategy that reflected the current condition of its buildings and supports delivery of the Clinical

Futures Strategy. This year the Health Board recently completed its 6-facet survey[20] of the estate it owns, and is incorporating this in its draft Estates Strategy. The Health Board presented the Estates Strategy to the Board for approval at its January 2019 meeting (Recommendation 6, 2017). The Health Board's IMTP sets out the strategic intent for the Estates function and there is also a Capital Programme, which details the capital spend required over the next year.

119  The Audit and Assurance report on the Health Board's Medical Devices and Equipment (dated January 2018) provided limited assurance. There are arrangements for risk assessing medical equipment operationally, but the Audit and Assurance team raised concerns around the monitoring of medical equipment incidents reported on the Datix system. No serious medical equipment risks were brought to our attention during our fieldwork. However, we note that the Audit and Assurance report was presented to both the Audit Committee and the Quality and Patient Safety Committee with medical equipment risks and issues being discussed specifically at the latter.

120  Roles and responsibilities for estates management are clear. The Executive Director of Operations has overall strategic responsibility for estates and facilities while operational responsibility sits with the Divisional Director of Estates and Facilities. The Director of Planning and Performance is responsible for Capital Planning and the capital programme and chairs the Health Board's Strategic Capital and Estates Group and the Capital Programme Group.

121  The Health Board has clear rules and procedures governing how it manages acquisitions, disposals and other property matters and the Maintenance Policy sets out performance management standards for response times. More guidance is available in the Health Board's Standing Orders and in Estatecode[21].

122  The Health Board uses MICAD and e-PIMS (electronic Property Information Mapping Service) to store estate information and manage its property. However, the Audit and Assurance review of Medical Equipment and Devices found that the Health Board does not have an overarching asset register for its medical devices and equipment. Our structured assessment audit found that the Health Board had made limited progress to address Audit and Assurance recommendations, although we were informed that some work had been completed around hospital beds and ultrasound equipment resulting in better asset tagging.

123  Thirteen of the 17 (76%) individuals responding to our board member survey were either not sure, or not confident that the way assets are managed within the organisation achieves value for money. The Health Board has robust risk management arrangements for Estates with estates risks captured on either the Corporate Health and Safety Risk Register or Divisional risk registers. The Board receives the Strategic Risk Dashboard, which includes corporate estates risks. The Divisional Board reviews the estates and facilities risk report at its six-monthly meetings held in December and June. The Capital Group escalate any risks not dealt with at the Divisional meeting to the Board. There are adequate performance management arrangements of the Estates team. Monthly Estates and Facilities

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[20] A facet survey is an external condition review of the NHS estate; the number of facets relates to the scope or elements reviewed.

[21] Estatecode is a user manual for NHS organisations managing the healthcare estate for current and future use. It includes advice on a broad range of estates topics, including land transactions, town planning issues and guidance on baseline assessments of the condition of the estate, as part of corporate planning and investment decision making processes and procedures.

divisional meeting reports contain financial and workforce performance information but nothing on estates performance, for example, completion of capital works, performance against backlog maintenance, compliance with statutory compliance inspections and customer satisfaction with estates. We understand that the Health Board is developing a performance dashboard which will improve performance reporting around estates functions, which might improve board members' confidence that assets are well managed.

# Recommendations

Exhibit 3: 2018 recommendations

The following table sets out the recommendations arising from the 2018 Structured Assessment. Exhibit 4 sets out the progress made against recommendations made in our 2017 Structured Assessment report. We will continue to monitor implementation where these are shown as 'in progress' and have therefore sought not to repeat them in Exhibit 3.

| 2018 recommendations |
| --- |
| **Governance** |
| R1  The Health Board should:<br>• ensure board member induction and training meets the needs of Independent Members;<br>• explore the reasons for the increase in complaints from patients and service users as part of its Putting Things Right Service Improvement plan; and<br>• clarify perceptions around interoperability of the Board committees. |
| **National Fraud Initiative** |
| R2  The Health Board should put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed and where necessary investigated in a timely manner. We expect the Health Board to:<br>• commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019;<br>• in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data matches; and<br>• ensure that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews. |
| **Information Governance** |
| R3  The Health Board should improve its information governance arrangements by:<br>• improving compliance with the information governance training programme to reach the national rate of 95%;<br>• improving performance against information access targets for the Freedom of Information Act and Data Protection Act to reach the statutory targets; and<br>• strengthening the focus of the Information Governance Committee to scrutinise delivery of informatics strategic plans rather than operational matters. |

| 2018 recommendations |
| --- |
| **Informatics** <br><br> R4     The Health Board should address areas for improvement in relation to informatics, specifically: <br><br>     •     assessing resource needs within the Informatics Department to improve the resilience of the ICT infrastructure and replace ageing hardware and software; <br><br>     •     completing and approving the digital transformation strategy by the end of 2019; <br><br>     •     oversight of national system risks and scrutiny of the delivery of these services and their impact on the organisation; <br><br>     •     completing the implementation of plans to strengthen cyber security control arrangements; and <br><br>     •     updating ICT disaster recovery plans and test these to ensure they work as intended. |
| **Asset Management** <br><br> R5     The Health Board should take steps to improve the management of its non-estate assets by: <br><br>     •     agreeing an Asset Strategy; and <br><br>     •     ensuring there are suitable asset registers to support the management of assets. |

# Appendix 1

## Progress implementing previous recommendations

Exhibit 4: The Health Board's self-reported progress against the 2017 recommendations

| Recommendation | Action taken in response | Completed |
|---|---|---|
| **Savings schemes monitoring and reporting**<br><br>R1    The Health Board should provide more detail to Executives and Independent Members in respect of progress against savings schemes. This should help them to provide sufficient scrutiny and challenge to schemes which are off target. | The Health Board continues to provide summary information on savings plans and achievability. The Health Board has adjusted its financial plan to ensure financial balance and this has been summarised in Board and Committee reporting. In addition, the Health Board has adjusted its risk rating to reduce ambiguity for savings schemes previously rated as 'amber'. There will be more emphasis on achievability of the financial savings requirement and therefore detail of off-target schemes will be highlighted. In addition, Divisional financial assurance meetings continue to discuss savings plans in more detail. | In progress |
| **Board and committee papers**<br><br>R2    The Health Board should ensure that Board and Committee Members receive appropriate information to help them make sound decisions and effectively scrutinise by:<br>    a.    ensuring adequate time to consider agenda items during meetings;<br>    b.    ensuring that reports include information relevant to the Board's or committees' remit; | The Health Board has introduced a new Board and committee report format, which requires summary information with reference to the Well-being of Future Generations Act five ways of working.<br><br>The report format includes key information and hyperlinks to facilitate access to additional background papers. This has reduced agenda pack size and focused on the essential information to support decision making. | Complete |

| Recommendation | Action taken in response | Completed |
|---|---|---|
| c. provide access to additional or background information; and<br><br>d. ensure that agenda reports are of a reasonable length that members can reasonably be expected to read before the meeting. | Board Members have commented positively on the reduction in agenda pack size, quality of the papers and the summary information provided. The length of board meetings has reduced and further work is being undertaken to enable Committees to adopt similar approaches. | |
| **Risk management**<br><br>R3 The Health Board should review risk management arrangements to ensure that corporate risks are appropriately escalated and managed by:<br><br>a. developing upon its current risk reports to ensure that the context of the risk and progress in managing it are clearly set out; and<br><br>b. revising the risk rating based on the mitigating actions. | The Health Board has fully reviewed its Corporate Risk Register and has updated its Risk Reporting arrangements.<br><br>A Health Board wide risk diagnostic is underway to further inform this improvement work by streamlining and standardising risk management activity.<br><br>A new Board Assurance Framework is being finalised, which includes one risk per page reporting. This is focused on the risk of non-delivery of the IMTP and is built around the Service Change Plans (SCPs) and the Health Board's stated priorities. | In progress |
| **Internal control**<br><br>R4 The Health Board should ensure that clinical audits provide assurance within an assurance framework, linked to the organisation's strategic objectives. | The Medical Director has presented updated work on the Management and Reporting of Clinical Audit to the Audit Committee and Quality and Patient Safety Committee.<br><br>The Deputy Director of Therapies and Health Science is leading work with Executive Team colleagues to create a Quality and Safety Assurance Framework in which clinical audit will play a key role, | In progress |

| Recommendation | Action taken in response | Completed |
|---|---|---|
| | aiming to bring a proposal for consideration by the QPSC by January 2019. | |
| **Information technology and information management**<br><br>R5    The Health Board should ensure resources allocated to information technology and information management provide sufficient capacity to meet the Health Board's plans. | The Strategic Outline Plan (SOP) was prepared for and submitted to the Welsh Government in October 2016. Whilst it was recognised by the Welsh Government there was no approval process agreed. The IMTP process incorporates the SOP and the Health Board is currently consulting on its digital transformation strategy and aims to finalise it by the end of December 2018.<br><br>In the intervening period the Health Board has funded a core ICT business case resulting in an investment of £600,000 starting with £300,000 in 2018-19.<br><br>An external review of cyber security has resulted in recruitment of 14 staff, including cybersecurity specialists, systems management; and Help Desk staff. The Health Board acknowledges that it is just beginning to address the findings of the 2017 recommendations following the significant investment in staff.<br><br>The Health Board acknowledges that compliance with GDPR is a key part of its governance framework. Therefore, a further investment to recruit additional staff members was agreed. | In progress |

| Recommendation | Action taken in response | Completed |
|---|---|---|
| | The Health Board has also invested in Qlik Sense Business Intelligence software and is currently engaged in deployment and planning.<br><br>The Health Board remains committed to the WCCIS programme and the informatics directorate also hosts two national IT programmes – National Electronic Patient Flow and Technology Enabled Care Services. | |
| **Estate Management**<br><br>R6    The Health Board should develop an Estates Strategy that reflects the current condition of its buildings and supports delivery of the Clinical Futures Strategy. | The 6-facet estate survey has been completed at all premises owned by the Health Board and incorporated into Estates Strategy that was presented to the Board for approval at its meeting in January 2019. | Completed |
| **Engagement**<br><br>R7    The Health Board should review, refresh and update the Engagement Strategy – 'Hearing and acting upon the voice of our staff and citizens'. | At the time of our audit, the Health Board's revised Engagement Strategy was being scrutinised through the usual governance process. The Health Board intends to present the Engagement Strategy, which is aligned to the Clinical Futures Strategy and the Health Board's Patient Experience approach, to the Board for approval in March 2019.<br><br>The Health Board has also established a couple of specific workstreams in support of the Clinical Futures Strategy programme of work, which are the Workforce and OD/Staff Engagement and Communications and Engagement. | In progress |

# Appendix 2

## Health Board's response to this year's recommendations

Exhibit 5: management response to 2018 recommendations

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| R1 | **Governance**<br>The Health Board should:<br>• ensure board member induction and training meets the needs of Independent Members; | Decision making will be improved. | Yes | Yes | The Health Board has already introduced a new Induction and training programme for 2018/2019. Several elements of this have been completed. The programme will be completed during 2019. The Health Board is also participating in the redesign of the national NHS Wales Induction Programme. | December 2019 | Richard Bevan, Board Secretary |
| | • explore the reasons for the increase in complaints from patients and service users as part of the service improvement plan for Putting Things Right; and | | Yes | Yes | The Health Board has appointed new leadership for the Putting Things Right Team.<br><br>The Health Board has undertaken a thematic review of the reasons for the increase in formal complaints and developed an improvement plan. Progress is being closely monitored by the Executive Team and the Quality Patient Safety Committee. | December 2019 | Martine Price, Acting Director of Nursing |

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| | • Clarify perceptions around interoperability of the Board committees. | Improved decision making and taking | Yes | Yes | The Health Board is in the process of completing a full review of its Committees and their terms of reference to support further interoperability and avoid any duplication. | May 2019 | Richard Bevan, Board Secretary |
| R2 | **National Fraud Initiative** The Health Board should put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed and where necessary investigated in a timely manner. We expect the Health Board to:<br><br>• commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019;<br><br>• in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data-matches; and | Better controls over potential fraud. | Yes | Yes | High priority matches are reviewed first. For last year, these were reviewed and actioned in February 2018.<br><br><br><br>All high priority 3-way data matches were actioned in February 2018. | March 2019 | Glyn Jones, Director of Finance |

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| | • ensure that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews. | | | | High priority actions completed and updated. Other matches being updated.<br><br>The process for 2018/2019 will be completed by the end of March 2019. | | |
| R3 | **Information Governance**<br>The Health Board should improve its information governance arrangements by:<br>• improving compliance with the information governance training programme to reach the national rate of 95%; | More effective framework for information governance arrangements. | Yes | Yes | Information Governance training reviewed to include the legislation changes as a result of GDPR. An additional module was developed and launched for Cyber Security which is mandatory for all staff to complete. The Information Governance Unit has set up Information Governance Delivery Groups (IGDG) for each of the Divisions in the organisation. The meetings are held bi-monthly and training is included on the agenda for every meeting. Discussions are held specifically around compliance and Managers are tasked with improving their compliance rates. Reports are assessed at Transformation to Digital (T2D) Delivery Board. | March 2020 | Nicola Prygodzicz, Director of Planning, Digital and IT |

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| | • improving performance against information access targets for the Freedom of Information Act and Data Protection Act to reach the statutory targets; and | More effective framework for information governance arrangements. | Yes | Yes | The Health Board during 2018/19 has already improved its compliance with statutory targets and will continue with this focus for 2019/2020. | March 2020 | Richard Bevan, Board Secretary and Richard Howells, Head of IG |
| | • strengthening the focus of the Information Governance Committee to overseeing delivery of informatics strategic plans rather than operational matters. | More effective framework for information governance arrangements. | Yes | Yes | The Information Governance Committee agenda is focused on strategic plans around informatics and is evidenced by agenda items. This will also be highlighted in the revised Terms of Reference. | March 2020 | Nicola Prygodzicz, Director of Planning, Digital and IT |
| R4 | **Informatics** The Health Board should address weakness in its use of informatics, specifically concerning: • the resource constraints within the Informatics Department to improve the resilience of the ICT infrastructure and replace ageing hardware and software; | Improved resources and strategic focus for digitally enabled transformation projects. Better controls over cyber security arrangements and resilience of the IT infrastructure. Improved resources and strategic focus for digitally enabled transformation projects. Better controls over cyber security arrangements and resilience of the IT infrastructure. | Yes | Yes | A business case was approved in 2017 and resource was prioritised against cyber security and NISD. The Directorate has now appointed to the positions of: • Cyber Security Team Leader • X2 Cyber Security Officers • X2 System Engineers This team has the focus to deliver a policy and underlying service that keeps ICT assets secure and up to date as well as informing future plans. | Recruitment Completed | Nicola Prygodzicz, Director of Planning, Digital and IT |

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| | • completing and approving the digital transformation strategy by the end of 2019; | | Yes | Yes | Further work was undertaken to align with the IMTP, an updated version has now been drafted and Health Board approval will be sought. | December 2019 | Nicola Prygodzicz, Director of Planning, Digital and IT |
| | • oversight of national system risks and their impact on the organisation; | | Yes | Yes | ABUHB continues to engage with both Welsh Government and NHS Wales Informatics Service. Welsh Government have conducted a review of governance following the Wales Audit Office report. The Health Board is actively engaged in this and other resultant actions including an architecture review. | December 2019 | Nicola Prygodzicz, Director of Planning, Digital and IT |
| | • strengthening cyber security control arrangements and resourcing by establishing a specialist team, resilience and incident response plans; and | | Yes | Yes | As stated above key appointments have now been made against a number of positions relating to cyber security. Work is being completed on key personnel polices plans and underlying services. | September 2019 | Nicola Prygodzicz, Director of Planning, Digital and IT |
| | • updating its ICT disaster recovery plans and test these to ensure they work as intended. | | Yes | Yes | Work is ongoing with the newly recruited team in compliance with NISD. A Task and Finish group is currently prioritising and planning continuity arrangements led by the Emergency Planning Team. | March 2020 | Nicola Prygodzicz, Director of Planning, Digital and IT |

| Ref | Recommendation | Intended outcome/ benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|---|---|---|---|---|---|---|---|
| R5 | **Asset Management** The Health Board should take steps to improve the management of its non-estate assets by: <br>• agreeing an asset strategy; and <br>• ensuring there are suitable asset registers to support the management of assets. | Better controls over the use of assets | Yes | Yes | Under GDPR organisations must hold an Information Asset Register. <br><br>IT holds an Asset Register linked to all IT equipment held by ABUHB. <br><br>The Information Governance unit holds the information asset register, within the asset register we collect the following: <br>• Patient/Personal Identifiable Information <br>• Staff Records <br>• Non patient/personal identifiable information <br>System used throughout the health board | Reviewed every three months – Annual review March 2020 | Nicola Prygodzicz, Director of Planning, Digital and IT |