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Structured Assessment 2017 – **Cwm Taf University Health Board**

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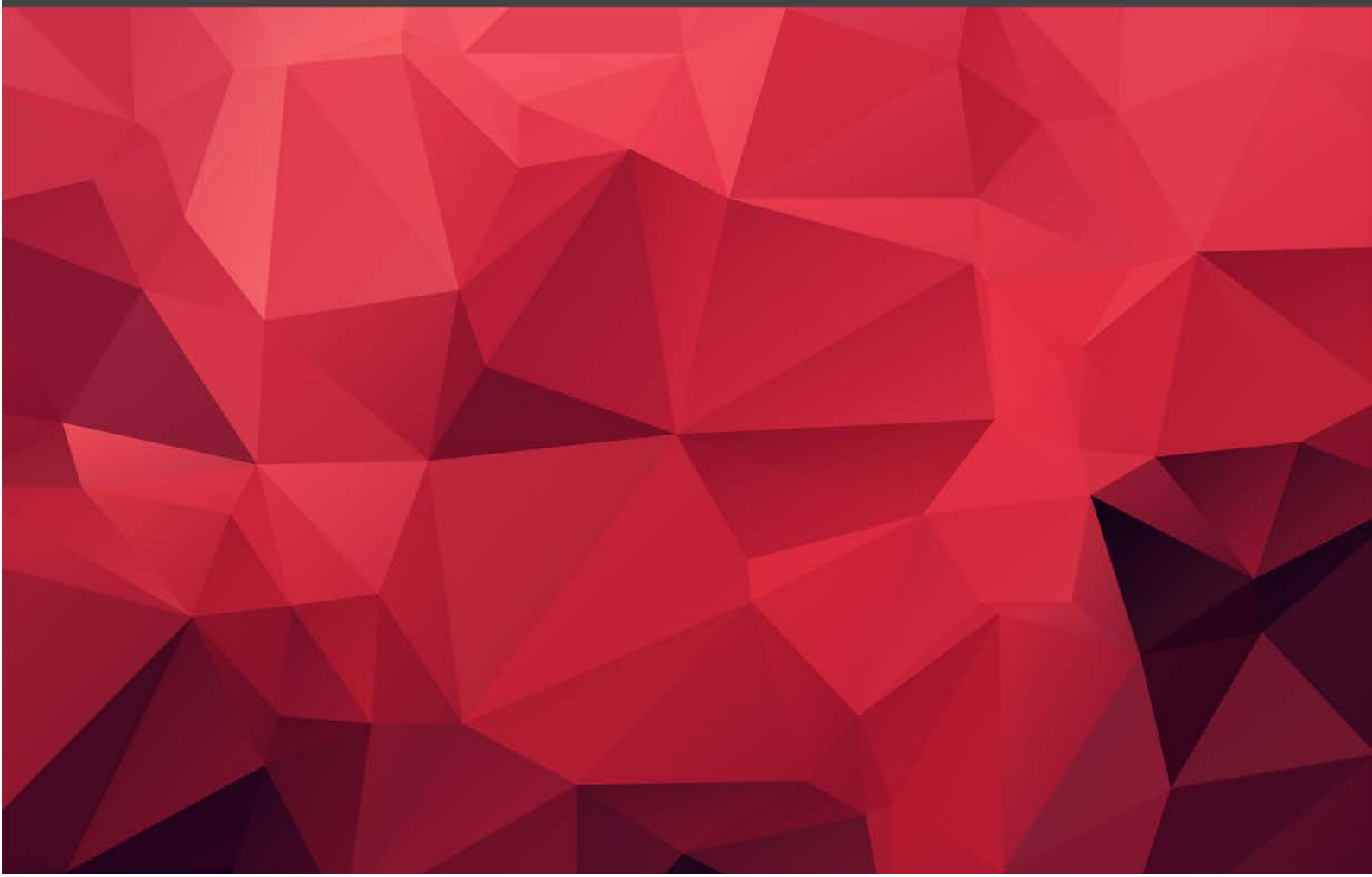

The team who delivered the work comprised Sara Utley, Matthew Coe, Urvisha Perez under the direction of Dave Thomas.

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Summary report

Introduction and background

1 Our structured assessment work helps inform the Auditor General's views on Cwm Taf University Health Board's (the Health Board) arrangements to secure efficient, effective and economic use of its resources. Our 2016 work found the Health Board had continued to strengthen corporate governance and financial management arrangements, and made good progress in addressing previous years' findings. Challenges remain in delivering a balanced financial position, improving reporting and project management, and quickening the pace of addressing information governance arrangements.

2 As in previous years, our 2017 structured assessment work has reviewed aspects of the Health Board's corporate governance and financial management arrangements, and, in particular, the progress made in addressing the previous year's recommendations. Recognising the growing financial pressures faced by many NHS bodies and the challenge of meeting the financial breakeven duties set out in the NHS Wales Finance Act (Wales) 2014, we have also reviewed the Health Board's arrangements to plan and deliver financial savings.

3 We have also used this year's structured assessment work to gather evidence to support a pan-Wales commentary. It will set out how relevant public sector bodies are working towards meeting the requirements of the Wellbeing of Future Generations Act (Wales) 2015. That commentary will be reported separately early in 2018.

4 The findings set out in this report are based on interviews, observations at board, committee and management group meetings, together with reviews of relevant documents and performance and finance data.

5 In 2016 a review of executive portfolios and management accountabilities was undertaken to realign the leadership and accountability of the workforce. This continued this year with the directorate managers and substructures undergoing the same process. Work is now ongoing to implement the recently developed performance management framework.

6 The Welsh Government is currently consulting on a proposed boundary change for the Health Board. The boundary change would mean that health services in Bridgend could be provided by Cwm Taf University Health Board in the future. These services are currently delivered by Abertawe Bro Morgannwg. During this period of consultation the Health Board is having early conversations with Abertawe Bro Morgannwg and the implications for both Health Boards.

Key findings

7 Our overall conclusion from 2017 structured assessment work is that the Health Board continues to operate effective governance, financial planning and management arrangements, however, there are opportunities for improvement

such as through strengthening the approach to change management and implementing the digital strategy. The reasons for this conclusion are summarised below.

Financial planning and management

8 In reviewing the Health Board's financial planning and management arrangements we found that, the Health Board is meeting its statutory financial duty to break even over a three-year cycle but non-recurring savings are increasing, whilst the approach to planning savings is effective there is scope to develop more transformational schemes and enhance project management and data analytics support.

Financial performance

9 The Health Board met its statutory financial duty to break even over the three-year rolling period ending in 2016-17 and is also forecasting a breakeven position at the end of the period ending 2017-18. In 2016-17, the Health Board achieved 96% of its overall savings target but there was a significant variation in the extent to which directorates performed against their individual delegated savings targets, with the majority of directorates not meeting their target. Over the last three years, the proportion of recurrent savings achieved has fallen and consequently the levels of non-recurrent savings has grown.

Financial savings planning and delivery

10 The Health Board has an effective system for identifying savings, informed by good analysis of available opportunities. Each directorate has its own savings target identified through benchmarking exercises and other relevant analyses. In addition, across the Health Board, savings planning is explicitly linked to the IMTP planning cycle. However, the majority of savings are short term, whilst the Health Board has some service transformation projects, more will need to be developed to achieve the levels of recurrent savings needed and ensure services remain sustainable.

11 The Health Board has enablers and support mechanisms in place to support the planning and delivery of saving schemes, but there is scope to strengthen these arrangements further, particularly in relation to programme and project management support, and data analytics capacity and skills.

Financial savings monitoring

12 We found that savings are monitored and reported at all levels of the organisation from the Board to individual directorate teams. There is good Board and committee level scrutiny of savings performance, and executive and directorate level monitoring and scrutiny arrangements have been strengthened by introducing new

escalation measures and an executive level Efficiency, Productivity and Value (EPV) Board.

Progress in addressing previous structured assessment recommendations on financial planning and management

13 The Health Board has made good progress addressing our 2016 recommendations. It has strengthened arrangements for monitoring and escalation in relation to savings plans across all directorates. The Health Board has also established the EPV Board to monitor directorates where savings targets are not being achieved. Further work could be done to agree a consistent approach for terms of reference of clinical business meetings as recommended by internal audit.

Governance and assurance

14 In reviewing the Health Board's corporate governance and board assurance arrangements we found that the Health Board has continued to demonstrate effective strategic planning and governance arrangements, however there are opportunities to further refine IMTP reporting as well as supporting the new independent members to undertake effective scrutiny and to continue increasing compliance with information governance training. The findings underpinning these conclusions are summarised below.

Strategic planning and organisational structure

15 The Health Board again received Welsh Government approval for its IMTP and has a sound and established approach to strategic planning. IMTP progress reporting has continued to evolve although further work could be done to better articulate milestones within the IMTP and to monitor progress in achieving them. Work to update the organisational structure has been completed and this should ensure the Health Board is better placed to meet future challenges. However, it was noted that the post of the Director of Finance was still being filled on an interim basis at the time of our review.

Board effectiveness and assurance

16 Board administration and conduct continue to be effective and the Health Board has taken positive steps to manage the risks associated with the independent board member turnover. We have continued to observe good levels of scrutiny and challenge at Board and Committees. However, improvements could be made to the prioritisation of the agenda within quality, safety and risk committee. Papers need to be more assurance focussed. Good progress has been made against our 2016 recommendations around developing forward work plans as well as ensuring appropriate committee templates are used.

Risk management

17 The Health Board has a mature approach to risk management. The Health Board's corporate risk register is routinely reported to Board and Audit Committee. There is clear ownership of risk with each risk having been allocated to a committee to ensure effective oversight and scrutiny.

Information governance

18 Information governance arrangements have remained sound with the Health Board making preparations for the new general data protection regulations. The Health Board has appointed its Data Protection Officer, which is positive. This year there have also been improvements to improving compliance with information governance training and this will continue to be a focus for the coming year.

Performance Management

19 The Health Board's performance monitoring arrangements are positive in terms of monitoring and reporting to Board and committee. Although Internal Audit has identified some issues with the compilation of the performance reports which will need to be addressed. The development of the performance management framework is positive, and is currently being implemented. We will follow this up next year as part of our ongoing audit work.

Other enablers of the efficient, effective and economical use of resources

20 The Health Board has good change management arrangements, however, there is scope to improve their visibility. There are still some significant workforce challenges within the Health Board and the new digital strategy needs to be implemented to deliver the required improvements to information technology. The findings underpinning these conclusions are summarised below.

Change and Change Management

21 The support for change management provided by the programme management office (PMO) is positive. There is a clear plan in place to define the work of the PMO, although the office's capacity is limited. Under previous arrangements, there was a concern that the PMO was too remote from the directorates. In response to this, PMO support has been incorporated into the business support model within directorates. This appears to be a positive change and should improve feedback and joint working between the directorates and the PMO.

Workforce

22 As with other Health Boards in Wales, Cwm Taf is experiencing workforce pressures. Spend on medical agency staff is comparatively high and the Health Board is focussing on this as well as developing alternative models of provision. Sickness levels are also comparatively high, although the Health Board is targeting this and has achieved reductions. The Health Board is also focussing on developing the leadership capability of staff to enable them to meet the future challenges.

ICT and use of technology

23 During the year, the Health Board has made changes to its executive leadership responsibilities for ICT. Responsibility now lies with the Executive Director for Primary, Community & Mental Health and will transfer with him when he is seconded into the Chief Operating Officer role. This arrangement will be reviewed once the Health Board resolves its vacant Director of Finance position. In December 2015, we reported that the Health Board did not have an agreed ICT Strategy, this has now been addressed but plans need to be developed to implement this strategy. Resources also need to be allocated to this strategy to enable its effective delivery, and to realise the benefits outlined within it.

Recommendations

24 Recommendations arising from our 2017 structured assessment work are detailed in Exhibit 1. The Health Board will also need to maintain focus on implementing any previous recommendations that are not yet complete.

25 The Health Board's management response detailing how it intends responding to these recommendations will be included in Appendix 1 once complete and considered by the relevant board committee.

Exhibit 1: 2017 recommendations

2017 recommendations	
Financial savings planning and delivery	
R1	The Health Board's Quality Impact Assessment Tool, which must be completed for schemes over £100,000, currently asks directorates to consider the impact of their savings schemes on: patient safety, clinical effectiveness, patient experience and staff experience. The Health Board should extend the template to also cover the impact of large savings schemes on other directorates and services, other health bodies and external partners and organisations.
R2	We found that the Health Board's IMTP peer review process does not fully identify potential cross-directorate working opportunities and duplication. The Health Board should review and strengthen the process to better facilitate joint savings schemes and identify similar or duplicate schemes.
R3	We found that there can be complexities to cross-directorate working, especially if directorates do not directly benefit from savings schemes. The Health Board should develop a set of principles for directorates which encourages Health-Board-wide working.
R4	We found the Health Board has limited project management and data analytics capacity and skills to support savings planning and delivery, especially for Health-Board-wide schemes. The Health Board should review and consider enhancing current project management and data analytics capacity and skills.
Strategic Planning	
R5	The Health Board should further refine the IMTP reporting process to include detailed information on milestones to enable IMs to understand the current performance in line with expected trajectory.
ICT	
R6	The Health Board should ensure there is a detailed resourced action plan to enable delivery of the Digital Health Strategy.
Improving the quality of quality, safety and risk committee papers	
R7	The Health Board needs to refine the quality of its papers presented to the quality, safety and risk committee. • making the papers more succinct and focussed; and • consider the agenda management, for example, bringing more complex issues to the beginning of committee, and moving approval of policies to the latter end of the agenda

Detailed report

The Health Board continues to operate effective governance, financial planning and management arrangements, however, there are opportunities for improvement such as through strengthening the approach to change management and implementing the digital strategy

26 The findings underpinning this conclusion are detailed below.

The Health Board is meeting its statutory financial duty to break even over a three-year cycle but non-recurring savings are increasing, and whilst the approach to planning savings is effective there is scope to develop more transformational schemes and enhance project management and data analytics

27 In addition to commenting on the Health Board's overall financial position, our structured assessment work in 2017 has considered the actions that the Health Board is taking to achieve financial balance and create longer-term financial sustainability. We have assessed the corporate arrangements for planning and delivering financial savings in the context of the overall financial position of the organisation. A detailed examination of individual savings plans was beyond the scope of this review. However, we have considered the approach in the area of medicines management and this has informed our overall views on the effectiveness of the organisation's approach to the planning and delivery of savings. We have also reviewed progress made in addressing previous structured assessment recommendations relating to financial management. Our findings are set out below.

The Health Board met its statutory financial duty to break even over a three-year cycle and the 2016-17 savings target was just missed, but the majority of directorate savings targets were not met and the proportion of non-recurrent savings has grown

28 Each year, the Health Board is allocated revenue by the Welsh Government to provide the resources for the Health Board to pay for locally provided and contracted healthcare services for its resident population. This allocation is known as the Revenue Resource Limit (RRL). Each year there are increases in the RRL allocated at the beginning of the year by the Welsh Government. These increases in revenue help to address inflationary costs of healthcare[1], which include growth in pay costs, medication costs, and increasing demand for services.

29 As part of the NHS Finance Act (Wales) 2014 (the Act) requirements, the Health Board must spend within its financial allocations over a rolling three-year financial period. The period ending 2016-17 was the first year Health Boards were assessed against this obligation and Cwm Taf met its statutory financial duty. The Health Board closed each of the three financial years with a small surplus, meaning the surplus at the end of the period was £70,000. For 2017-18, the Heath Board's month seven Welsh

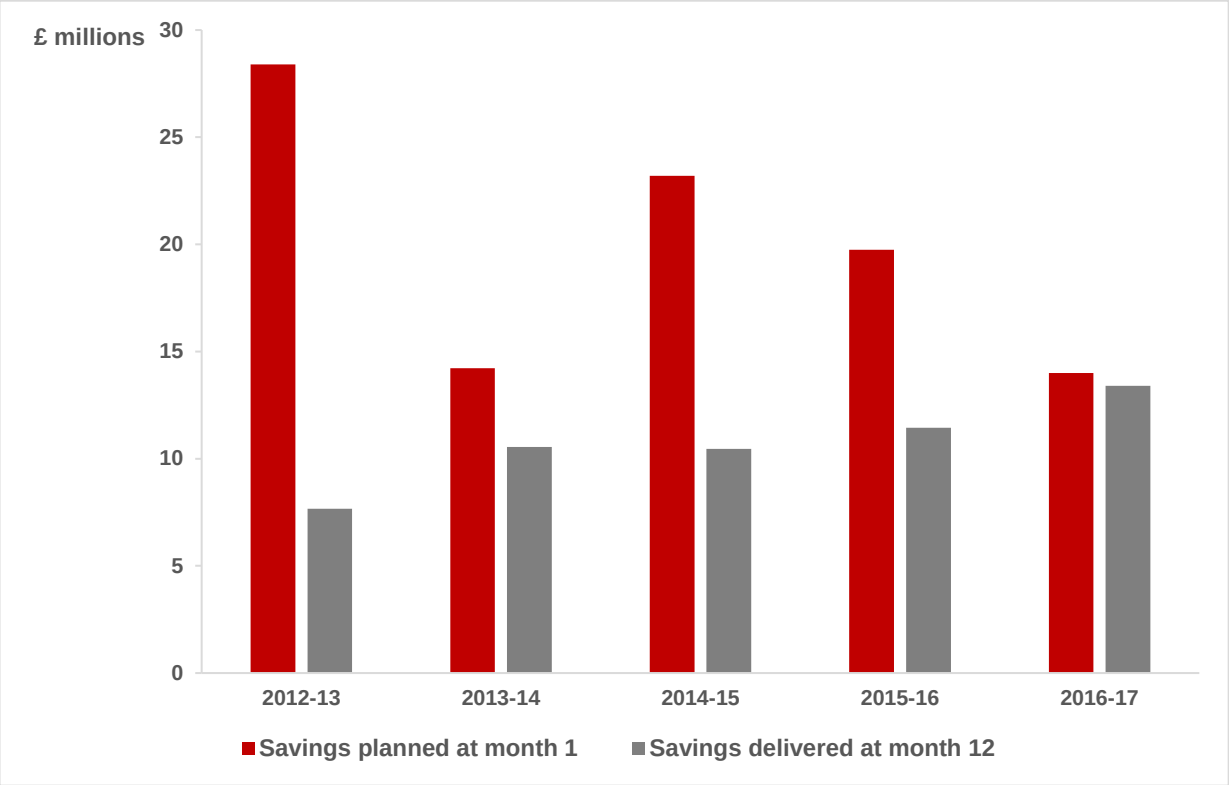
[1] NHS Improvement website, Economic assumptions 2016/17 to 2020/21, 23 March 2016

Government monitoring returns forecast an in-year break-even position. In addition, given the surplus gained in the previous two years, it is likely the Health Board will meet its statutory financial duty for the rolling three-year period ending 2017-18.

30 In 2016-17, the Health Board set a savings target of £14 million; they achieved £13.4 million missing the target by 4%. However, this performance is better than in previous years. Exhibit 1 shows that whilst the levels of savings planned at the start of the financial year (month 1) have fallen; the actual savings delivered at year-end has increased. This suggests the Health Board has improved its approach to cost reduction planning so targets are more realistic and achievable

Exhibit 1: Savings planned at month 1 and delivered at month 12 between 2012-13 and 2016-17

The chart shows that over the past five years the levels of savings planned at the start of the year have fallen, but the actual savings achieved have increased.



Source: Savings reported by the Health Board in its monitoring returns to the Welsh Government

31 At the start of the financial year, each directorate is delegated a savings target and they are responsible for planning a programme of schemes to deliver the savings needed. In 2016-17, 319 savings schemes had been identified. As a whole, the Health Board came close to delivering its £14 million savings target but a number of directorates failed to meet their targets. Exhibit 2 shows that out of the Health Board's 26 directorates, three were on target, eight over-delivered (by £2.8 million) and the remaining 15 under-delivered (by £3.1 million). Of the 15 directorates that did not meet their

savings target, two marginally missed (primary care and mental health) but the majority missed by 50% or less.

Exhibit 2: breakdown of directorate's performance against its 2016-17 savings target

The table shows that 15 directorates missed their savings target in 2016-17, 10 of which missed by less than 50%. However, eight directorates over-achieved against their target.

Directorate	Number of schemes	In-year target for 2016-17 (£)	Savings delivered at month 12 (£)	Difference between target and delivered (£)	% delivered
ICT	5	147,000	4,000	-143,000	2.7
General Surgery, T&O and Urology	11	463,000	37,000	-426,000	8.0
CAMHS	4	282,000	38,000	-244,000	13.5
Corporate Development	5	63,000	10,000	-53,000	15.9
Facilities	30	1,004,000	214,000	-790,000	21.3
Performance and Information	6	86,000	31,000	-55,000	36.0
Patient Care and Safety	5	144,000	57,000	-87,000	39.6
Radiology	16	233,000	98,000	-135,000	42.1
Obstetrics, Gynaecology and Sexual Health	14	326,000	145,000	-181,000	44.5
Head and Neck	29	334,000	158,000	-176,000	47.3
Acute Medicine and A&E	23	1,261,000	672,000	-589,000	53.3
Pathology	13	228,000	122,000	-106,000	53.5
ACT, Medical Records and Outpatients	34	487,000	344,000	-143,000	70.6
Primary Care	3	17,000	16,000	-1,000	94.1
Mental Health	14	510,000	509,000	-1,000	99.8
Total undelivered				**-3,130,000**	
Localities	14	928,000	928,000	0	100.0
Therapies	37	284,000	284,000	0	100.0
Chief Executive Officer	3	41,000	41,000	0	100.0
Medicines Management	9	1,529,000	1,536,000	7,000	100.5
Finance and Procurement	4	47,000	48,000	1,000	102.1
Planning and Strategy	6	45,000	46,000	1,000	102.2
Children and Young People	10	87,000	90,000	3,000	103.4
Workforce and OD	5	92,000	101,000	9,000	109.8

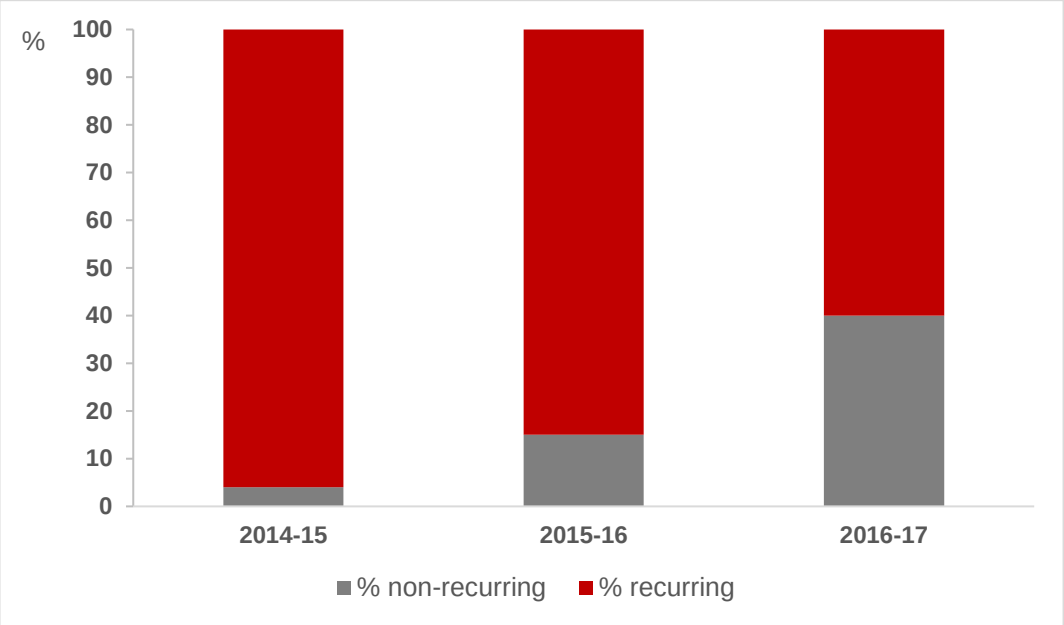
Directorate	Number of schemes	In-year target for 2016-17 (£)	Savings delivered at month 12 (£)	Difference between target and delivered (£)	% delivered
Estates	13	579,000	758,000	179,000	130.9
Contracting and Commissioning	6	751,000	1,096,000	345,000	145.9
Central	D/K	3,774,000	6,019,000	2,245,000	159.5
Total over-delivered				**2,790,000**	

Source: Wales Audit Office analysis of Cwm Taf University Health Board data

32 When developing savings plans, it is important to consider the balance between, and effect of, recurring and non-recurring saving schemes. A greater focus on recurring schemes should make the budgetary pressure lower in following years. Over the last three years the levels of recurring savings achieved at the Health Board have fallen. Exhibit 3 shows that in 2014-15 and 2015-16 the majority of savings were recurrent (96% and 85% respectively) but in 2016-17 the proportion had fallen to just 40%. This suggests the Health Board is finding it increasingly difficult to find recurring savings.

Exhibit 3: proportion of recurrent and non-recurrent savings achieved between 2014-15 and 2016-17

Chart showing that the proportion of recurring savings has fallen in the three years between 2014-15 and 2016-17.

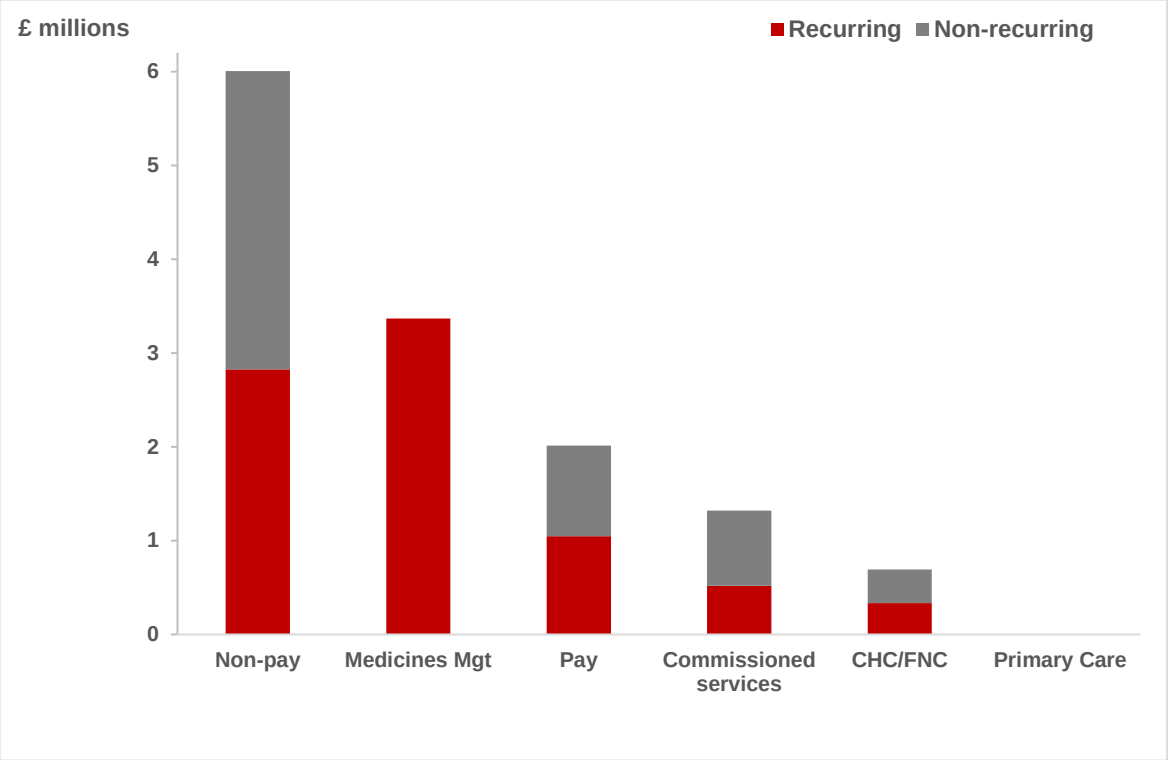


Source: Savings reported by the Health Board in its monitoring returns to the Welsh Government

33 When broken down by category[2], Exhibit 4 shows that in 2016-17 the majority of savings were attributed to non-pay schemes (£6 million in total). And except for medicines management, which achieved 100% recurring schemes, there was an equal split between recurring and non-recurring for the other categories (except for primary care, which was not allocated a cash releasing savings target).

Exhibit 4: recurring and non-recurring savings achieved in 2016-17

The chart shows that non-recurring and non-pay savings made up a high portion of savings achieved in 2016-17



Source: Savings reported by the Health Board in its monitoring returns to the Welsh Government

34 For 2017-18, the Health Board has set a £13.5 million in-year savings target. The month six finance update reported to the Board, shows the Health Board was £1 million short of its profiled target of £6.9 million, however, it has predicted the target will be exceeded at year-end by £1.6 million. Whilst this is positive, the Health Board predicts a similar situation to 2016-17, where some directorates are forecast to under-achieve against their savings target, which is off-set by service areas that over-deliver. This raises questions about whether the Health Board is planning realistic delegated savings targets.

[2] Categories as used in monthly finance returns to the Welsh Government.

The Health Board has an effective system for savings planning which is linked to the IMTP planning cycle, but more transformational schemes are needed to achieve recurrent, sustainable savings and there is scope to enhance project management and data analytics capacity and skills to support delivery

35 All Health Boards and Trusts in Wales have to identify savings to be able to aim to spend within their revenue allocation. For many bodies, growing cost pressures make it increasingly difficult to set a balanced budget, even with annual uplifts in funding. Traditional savings approaches across Wales have focussed on cost control measures, procurement savings, recruitment freezes and changes in staff skill mix or grade mix, to name a few. Once these approaches have been exploited, health bodies will be required to think differently, because cost-cutting approaches will have diminishing returns. This section of the report considers the corporate arrangements for planning and delivering savings. We have not reviewed the design, accountability, risks or performance of individual saving schemes.

The Health Board has an effective system for identifying savings which draws on available opportunities and is linked to the IMTP planning cycle, however, to achieve recurrent, sustainable savings more long-term transformational schemes are needed

36 The Health Board has a top-down and bottom-up approach to identifying savings. The corporate finance team uses an Efficiency and Value Framework to map potential cost savings, which are identified through benchmarking, reviewing performance indicators and analysis of recurring variances. The framework, which is based on the principles of value, prudent healthcare, efficiency and redesign, allows savings to be planned against broad themes such as improved cost controls and cost reduction, staffing models, workforce management, recruitment and retention, and efficiency and productivity.

37 The potential savings are mapped to the most appropriate service area, meaning that delegated targets are based on levels of opportunity identified as opposed to issuing a uniform target to all directorates. This approach ensures targets are appropriate to the service, so service areas which are lean or have more opportunity are delegated a target that fits. For example, the Primary Care Directorate does not have a cash-releasing savings target but the directorate still has an obligation to work efficiently as this will help acute and medical directorates meet their targets.

38 The Health Board has not significantly changed its approach to planning savings since 2016-17. However, for 2017-18, in recognition of the scale of the challenge and the time it would take to realise the savings, the Health Board included a £4 million contingency for slippage of schemes and timing of implementation. The savings target for 2017-18 was also broken down as follows:

- Reduction of 16-17 overspends – £6.2 million
- Shortfall of 16-17 savings delivery – £2.2 million
- New Savings opportunities – £9.1 million

39 The total savings target for 2017-18 is £17.5 million but the £4 million contingency for schemes stating part way through the year reduces the in-year savings target to £13.5 million. The Health Board has a rolling savings process, which means non-delivered savings and overspends roll into the following year, this approach ensures directorates remain accountable for their budgets. In addition, the directorate savings plans are profiled each month for the current year but also identify high-level savings for the following two years.

40 Savings planning is aligned with the Health Board's IMTP planning cycle. To make sure both processes are linked, in 2017-18 the Health Board introduced a savings plan template that directorates must submit with their IMTP. The process that the Health Board followed in 2017-18 was:

- November 2016 – draft savings target issued as part of the local planning framework[3],
- January 2017 – draft plans submitted by directorates using the template in the planning framework reviewed and feedback issued,
- March 2017 – directorates submitted final plans and feedback issued, and
- April 2017 onwards – Final Letter of Plan status from Chief Executive issued to directorates.

41 As part of the planning process, all directorate-level IMTPs are scrutinised through an assessment and approval process. The process involves reviewing plans under a number of criteria, these being:

- Planning
- Quality
- Capital
- Workforce
- Savings
- A qualitative assessment of the robustness and coherence of financial plans

42 Each criterion is scored using a traffic light system. Of the 23 IMTP assessments made in relation to savings plans in 2017-18, 13 were rated red, meaning they did not identify the required 79% of their financial saving targets. Eight plans were green and two were amber. Seven of the assessments which were green were Corporate IMTPs. This area was highlighted in our structured assessment last year, and we noted that the Health Board needed to revisit to better understand the reasons for lower than required savings and also better understand the challenges to actually delivering savings in-year. The assessment results this year identify that this is still an issue and further work needs to be done. The new performance management framework being implemented is discussed further in this report and demonstrates the steps the Health Board is taking to try and improve accountability within directorates.

43 Whilst the savings targets delegated to directorates are not negotiable, staff we interviewed as part of our medicine management tracer felt directorates are listened to and the system allowed some flexibility. For example this year, primary care prescribing was delegated a 1.5% savings target, but the team was unable to find a full complement of schemes to match the savings needed. The team had identified 1.25% and agreed to deliver against this on the proviso they continue to find schemes to close the gap. However, overall medicines management is set to deliver against its 2017-18 target.

44 The Health Board has nine cross-cutting themes that support directorate savings plans, these are:

- Integrated Unscheduled Care
- Planned Care and Theatre Productivity
- Service Redesign and Site Rationalisation
- Workforce Productivity and Improvement (medical and nursing)

[3] The local planning framework is the guidance issued to directorates at the Health Board to help develop their IMTPs.

- Contracting and Commissioning
- Non Pay
- Continuing Health Care
- Prevention and Improving Value from Healthcare

45 The cross cutting-themes are executive lead workstreams that span across directorates, the advantage being that it provides opportunities for the Health Board to achieve economies of scale and plan wider, more sustainable savings and efficiencies. Progress against each theme is monitored through the new Efficiency, Productivity and Value (EPV) Board. Discussions observed at the November 2017 EPV Board suggest that progress against a number of cross-cutting theme projects is slow and this is in part due to a lack of capacity and project management support..

46 The Health Board also has some internal and Welsh Government-funded invest to save schemes, but these are limited. Examples include records management through the Welsh Government and a recent internal scheme within medicines management to recruit a nurse to help move patients from high priced drugs to a similar produce (biosimilar). There are also some medicines management incentive schemes to reduce GP prescribing and respiratory drugs.

47 However, most of the Health Board's savings are short term and as stated in the section above increasingly non-recurrent. Long-term transformation takes time to plan and embed within an organisation, whilst the Health Board has some transformation projects such as the Valley Life Programme in mental health, more will need to be developed to achieve the levels of recurrent savings needed and ensure services remain sustainable.

Whilst enablers and support mechanisms are in place to support the planning and delivery of savings, project management and data analytics capacity and skills are lacking

48 In general, budget holders have a good network of support within the Health Board. As explained above, the central finance team identifies savings opportunities for service areas to pursue. Those we interviewed through our medicines management tracer reported that the team is approachable to offer support when needed. In addition, the Health Board has employed an external consultant on a six-month contract to support directorates in escalation measures with their recovery plans.

49 Operationally, a team of business partners is aligned to each of the directorates; these include finance, ICT and human resources. In pharmacy, savings plans are initiated with business partners and discussed informally at Directorate Business Meetings before they are submitted to Clinical Business Meetings for sign-off. Because of the nature of the cost reduction schemes the pharmacy team has a close working relationship with their finance business partner. In addition, each week a member of the finance team is based in the pharmacy office; this helps to improve dialogue and address issues as they arise.

50 The corporate team reported that savings plans are read across directorates to identify opportunities for joint working, impact on service areas and duplication. The Health Board also has a Quality Impact Assessment Tool which must be completed for savings over £100,000, however, it does not consider the impact on other directorates, services and external partners. In addition, the Health Board's IMTP planning process includes a peer review but our tracer interviews suggest that this is not enough to fully pull out potential cross working opportunities or duplication. However, we were told there can be complexities to working collaboratively, for example, directorates unwilling to work on a savings

scheme unless it directly benefits them. For situations like these the Health Board needs a set of principles to help encourage Health-Board-wide working.

51 The Health Board has a small Programme Management Office, which supports the planning and delivery of some of the key cross cutting themes. However, programme management support was identified as a weakness through our medicines management tracer. For example, the directorate has identified potential savings in respiratory drugs that span primary, secondary and community care. This type of scheme would need Health-Board-wide co-ordination and would benefit from dedicated project management, but the pharmacy team does not have access to this type of support. The team plans to take this scheme forward but with the help of a graduate trainee who is due to join the team in November 2017.

52 Lack of data analytics skills and support was another issue raised. The pharmacy team and the Health Board in general hold a lot of information that could be used to plan more meaningful savings. For example, data about variances in GP practice prescribing could be extracted so spend can be tackled at a local level. However, the pharmacy team does not have the time, resources or expertise to analyse or use the data effectively.

There is good Board and Committee level scrutiny of savings delivery and the Health Board is strengthening monitoring arrangements at executive and directorate level

53 Robust and regular monitoring and scrutiny of saving plans and subsequent delivery ensure slippage, risks and issues are identified early so mitigating action can be put in place. The Board and the executive team need to be assured that savings are being delivered at pace and that the Health Board is on target for the end of the financial year. At the Health Board savings are reported at all levels of the organisation:

- Board level: Board and Finance Performance and Workforce Committee
- Executive Director level: Executive Board and Efficiency, Productivity and Value Board
- Directorate level: Clinical Business meetings (with executives), and Directorate Business meetings (local meetings with business partners)

54 The Finance, Performance and Workforce (FPW) Committee meets monthly and receives a finance report, which includes an update on savings delivery and levels of savings identified. The report introduction sets out the high-level position against the savings target and key risks, which include delivery of delegated savings plans. There is a section on savings plan performance that provides a high-level summary on the year-to-date position and includes a table summarising performance by theme and a chart detailing the levels of savings identified by month. There is a separate summary for non-delegated savings. The Board, which meets every two months, receives the same report but without the appendices, which show the savings position for individual directorates.

55 At both the FPW Committee and Board meetings we observed there was good scrutiny of savings delivery; from the questions asked it was clear that members understood the issues facing the Health Board and the finance report was clearly presented. There was adequate time dedicated to financial update at both the committee and Board meeting.

56 As part of this review, we asked the Health Board to complete a self-assessment survey. One of the questions asked the extent to which the Health Board agreed with a series of statements about scrutiny of savings. Exhibit 5 sets out the Health Board's response and it is clear that the Health Board

is confident about the level and robustness of the scrutiny provided and lines of accountability. However, the pace of savings delivery was raised as a concern by board members we interviewed as part of core structured assessment.

Exhibit 5: Health Board's response to a series of statements about in-year scrutiny and challenge on the progress of savings schemes

Table showing the Health Board's response to a series of statements about in-year scrutiny and challenge on the progress of savings schemes.

Statements about scrutiny of savings schemes	Health Board response
The scrutiny and challenge received from the Board and its delegated committee on the in-year progress of the delivery of savings are robust.	Strongly agree
Scrutiny is timely, allowing sufficient time for remedial action to be taken.	Agree
The impacts on service quality are properly considered by those scrutinising delivery of saving schemes.	Agree
There are clear lines of accountability for the delivery of savings schemes.	Agree

Source: Health Board's return of Wales Audit Office financial savings module self-assessment.

57 The Health Board has recently developed a new executive level board to provide oversight and monitor the cross-cutting theme programme, monitor directorate recovery plans and to provide assurance to the Board on the delivery of these plans. The EPV Board forms part of the Health Board's new escalation process, which puts directorates that are overspending against their budget and not delivering against their savings target into recovery measures. The Chief Executive highlighted the new process in her letter to directorates at the start of the year. Escalated directorates, of which there were eight at the time of our fieldwork, are required to produce a recovery plan. The plan is templated and includes a section to identify any additional supported needed. As stated above the Health Board has brought in an external consultant to lead on this process.

58 The EPV Board first met in June 2017 and is responsible for monitoring progress against the recovery plans and the cross-cutting themes. The Chief Executive chairs the Board and membership includes all directors, deputy medical director and two assistant medical directors. The Assistant Director of Innovation and Transformation, and the Head of the Programme Management Office also attend the Board. From the meeting we observed in November 2017, it is clear that whilst it is early days for the EPV Board it provides good internal challenge, the opportunity to raise common issues and broker joint working. The Health Board was in the process of introducing new reporting mechanisms and procedures for recovery and efficiency plans. These included a 'plan-on-page' for each cross cutting theme and a highlight report to raise issues, risks and actions that need a decision. Because the process was new, there was some variation in how the reports were populated but they provided a good basis for challenge and discussion. For example, discussion about the support and resources needed to deliver cross-cutting theme projects and the importance of increasing the pace of delivery

as they feed in to the success of directorate recovery plans. The chair was realistic, for example, where there are limited resources suggesting that directorates concentrate on schemes with the highest yield. The chair kept bringing discussions back to the following five basic questions:

- What are we going to do?
- How are we going to do it?
- Are we delivering against it, if not, why not?
- What support or decisions are required to get back on track?
- What is the financial impact?

59 For the first six months of 2017-18, all directorates had to report against their savings plans on a two-weekly basis, this has now reduced to monthly. The Health Board mandated this system because at the start of the year there were significant gaps between the delegated savings targets and worked up schemes to achieve the target. To understand the progress of savings plans and relative assurance of the plans delivering, directorate schemes are categorised into four stages:

- Stage 4 schemes are at implementation stage
- Stage 3 schemes are at the detailed planning stage
- Stage 2 schemes are at the outline planning stage
- Stage 1 schemes are initial, pipeline ideas

60 Each month, directorates update which stage each of their savings schemes is at and the corporate finance team collates this information through a standardised template. This ultimately feeds into the finance update reported to the Board.

61 At a directorate level, savings plans are monitored through Clinical Business Meetings, Directorate Business Meetings and team meetings. Monitoring at these levels allows more detailed scrutiny of individual savings schemes. Savings monitoring reports include the total savings opportunity, level of anticipated slippage, the stage of progress the scheme is at and the likelihood of achievement. At the planning stage directorate plans are challenged and reviewed at clinical and corporate business meetings, in-between stages of submissions, to provide an opportunity for feedback and advice.

Progress in addressing previous financial planning and management recommendations

62 In 2016, we made the following recommendations in relation to financial management. Exhibit 6 describes the progress made.

Exhibit 6: progress on 2016 financial management recommendations

2016 recommendation	Description of progress
2016 R7 – Financial control Strengthen current arrangements for financial control and stewardship by: • agreeing consistent roles and responsibilities of staff leading the cross-cutting themes for savings; and • agreeing a consistent approach and terms of reference for Clinical Business Meetings as recommended by Internal Audit.	**On-track but not complete** • The Health Board has eight cross-cutting themes and each has an executive level lead. At the time of this review, the Health Board had recently reviewed and replaced its Executive Programme Board and established the Efficiency, Productivity and Value (EPV) Board. The EPV Board has agreed terms of reference that has been agreed by Executive Board and shared with Finance, Performance and Workforce Committees. • The Health Board has drafted terms of reference for the Clinical and Corporate Business Meetings; at the time of our review the terms of reference had not been reviewed by the lead Executives or the Executive Team. The Health Board aims to implement this recommendation by the end of the financial year.
2016 R8 – Financial performance Strengthen arrangements for the monitoring and reporting of savings plans against targets by ensuring there is clear accountability, understanding and reporting of why savings are not delivered.	**Complete** The Health Board has strengthened monitoring and escalation measures across all directorates. For the first six months of the year directorates were required to report against savings on a two-weekly basis; this has now reduced to monthly. The Health Board has also introduced the EPV Board to monitor escalated directorates (those overspending and not delivering against their savings plan) recovery plans and cross-cutting themes.

The Health Board has continued to demonstrate effective strategic planning and governance arrangements, however, there is scope to further refine integrated medium term plan reporting and support new independent members

64 Our structured assessment work in 2017 has examined the Health Board's arrangements for strategic planning, the effectiveness of the governance structures, information governance arrangements and performance management arrangements. We have also assessed progress against recommendations made in 2016. Our findings are set out below.

Strategic planning arrangements are sound, but there are opportunities for increased rigour on financial plans and potential to improve IMTP reporting even further

65 The findings underpinning this conclusion are based on our review of the Health Board's approach to strategic planning and the arrangements, which support delivery of strategic change programmes underpinning the integrated medium term plan (IMTP). Our key findings are set out below.

66 The Health Board has again secured Cabinet Secretary approval for the latest version of its IMTP, covering the period 2017-20, a number of positive corporate arrangements have supported the development of the IMTP. These include:

- engagement with Board members in the refresh of the IMTP, through a Board development session;
- production of a stakeholder engagement plan for each IMTP refresh;
- refreshed local guidance for the development of the directorate-level IMTPs is produced in line with the Welsh Government's nationally issued guidance;
- the business partner model within directorates which provides planning, finance and workforce support and expertise to develop IMTPs has been further strengthened this year with additional support in the areas of performance and information; and
- all directorate-level IMTPs are scrutinised through an assessment and approval process which reviews the plans under a number of domains, namely: planning, quality, capital, workforce, savings and a qualitative assessment of the robustness and coherence of financial plans.

67 Work has continued this year to refine the Health Board's IMTP reporting processes. The Health Board has improved its presentation in a way that articulates what has been achieved in the current quarter and previous quarter and identifies risks. However, it is not clear from this document if the quarters' achievements are in line with the expected trajectory, or if they are further advanced or not as far along as the Health Board would like. The Health Board therefore needs to consider how it articulates progress against what it has planned to achieve, at that point in time.

68 Further to this, improvements could be made to visibility on progress on the Health Board's nine cross cutting themes. This issue was highlighted through an Internal Audit review and notes from the new EPV efficiency board, which state that progress in delivering benefits from the cross-cutting work streams needed more clarity.

The Health Board has continued to strengthen its structure to ensure the organisation is fit for purpose, however, the appointment of a substansive Director of Finance is still oustanding

69 The findings underpinning this conclusion are based on our review of the Health Board's organisational structure. Our key findings are set out below.

70 During 2016, the Health Board undertook a range of activities with the broad aim to ensure that the organisation is fit for purpose. To realign the leadership and accountability of the workforce to help deliver strategic objectives, a review of executive portfolios and management accountably was undertaken. Phase one completed in 2016 reviewed executive portfolios and proposed changes at assistant director level. Phase two which was completed this year covered directorate managers and substructures. The completion of this structural work now places the Health Board in a good position to move forward.

71 There is additional capacity within the office of the Medical Director, with two additional assistant Medical Directors with responsibility for productivity and quality and safety. Administrative support has also been appointed, which the Medical Director feels is a positive step to enable his office to function effectively.

72 However, at the time of preparing this report the Health Board was still without a substantive Director of Finance. The Health Board is actively recruiting and working to fill this post. Interim arrangements are in place and working well. The assistant Director of Finance is currently acting up into the Director of Finance role, with additional senior leadership capacity provided from an external consultant on a fixed-term basis to support the development of directorate recovery and savings plans. However, this is not a long-term solution and stable executive financial leadership will be important in facilitating the more strategic and transformational approach that is needed to secure financial sustainability. Ensuring sufficient capacity within the Finance team will also be important in the context of the proposed boundary change, given the likely additional demand this will place on the team if this change goes ahead.

73 Executive responsibility for ICT has been the subject of a number of recent changes. Most recently, ICT was the responsibility of the Director of Finance, having moved from Stephen Harrhy following his appointment to the role of Chief Ambulance Services Commissioner but since late summer 2017, it has moved to the Director for Primary, Community and Mental Health. This arrangement will be reviewed once the Health Board resolves its vacant Director of Finance position. This has affected pace of change, although there is now a clear commitment to address this, and work is underway to start to deliver the recently approved digital strategy, as discussed later in this report.

The Board operates effectively and steps have been taken to mitigate the risks asociated with independent member turnover, however, work is still needed to manage the volume of information within the quality, safety and risk committee

74 The findings underpinning this conclusion are based on our review of the effectiveness of the board, its governance structures and assurance arrangements. Our key findings are set out below.

75 The Board's administration and conduct continue to be effective. There are processes in place to review the board and committee effectiveness, with self-assessments undertaken at each committee on an annual basis. As with last year's assessment, there remain challenges for the secretariat to produce committee papers one calendar week before meetings. One quality, safety and risk

committee this year did have its papers issued late, although the committee dealt with this effectively. However, this does effectively highlight the volume and nature of the workload within this committee and the potential need for executives to better understand the assurance requirements of the Independent Members (IMs) to help support the secretariat in their challenging role.

76 Like last year, we continue to observe good levels of scrutiny and challenge with generally good responses from executives at board and committee meetings. The Integrated Governance Committee (IGC) this year have presented a report with a table of business undertaken by the Health Board, executive board and board committees during the last year April 2016 – March 2017. Members used the report to consider the extent of the Board's work. This is positive; with the proposed next report to map what areas are missing and where they would require further scrutiny. We will review this next year as part of our structured assessment review.

77 This year the Health Board along with others in Wales has experienced a significant turnover of IMs. Five members of the Board have left this year including the chair of the Health Board and the vice chair. The Health Board is aware of the potential risks associated with this turnover, in terms of loss of individual knowledge and experience. To mitigate these risks the Health Board has taken a number of steps, these include but are not exhaustive;

- legacy statements have been produced by outgoing chairs of committees, as well as the Chair of the Health Board. The purpose of these is to ensure that new committee chairs are able to get an understanding of the current issues and focus within each board sub-committee and minimise loss of pace in addressing areas of concern;
- all outgoing IMs have had final meetings with the Board Secretary and Chair. These have enabled IMs to reflect on their tenure and identify any learning for new members that may be applicable;
- the new cadre of IMs will be supported through both the Academi Wales programme which is being delivered on an all-Wales basis but also a bespoke package developed by the Health Board secretariat, taking into account the individual independent member's training needs; and
- committees have all been discussing the need for additional support to new committee members, and asking executives to be mindful when writing assurance papers to committee and minimise abbreviations to ensure that new members can understand the issues being discussed.

78 Interviews with the current cohort of IMs give a positive view on the current committee arrangements within the Health Board. IMs are content on the whole with the content and information provided by executives. The Integrated Governance Committee supports interoperability between committees and cross-referral of concerns as it brings together the activities of all the other committees and enables cross-referring of issues. There is a clear appreciation for the working of the committee from attendees and IMs see it as a positive part of the assurance framework.

79 The Health Board recognises that it needs to strengthen its quality, safety and risk committee. Last year it made a decision to combine the quality and safety and corporate risk committees with the intention of reducing duplication and improving effectiveness. This committee is generally operating well, however, the agenda is sometimes not prioritised appropriately and papers are long. In particular, we noted a difficulty ensuring all items were covered, and this issue was exacerbated by some basic approval of policy items prioritised at the front of the agenda, which left little time at the end to discuss material core agenda items. The Health Board needs to ensure the committee improves how it

structures its agenda and ensure that information presented to the committee is sufficiently concise. More positively, we noted that the executive-led quality focussed sub-groups are working well.

80 A Board Assurance Framework (BAF) is in place and updated on a quarterly basis to reflect the periodic review of corporate, directorate and locality risks. Since our structured assessment last year the Health Board has introduced forward work programmes for all committees: these assist the committee to plan and timetable their requests for future update reports.

81 There have been some changes to sub-committees. Recently the Health Board has changed a sub-committee of their Executive Board. The EPV Board has replaced the Executive Programme Board. The terms of reference for the EPV has recently been approved and it will have oversight of the cross-cutting schemes. This new EPV should improve oversight and monitoring of delivery of the cross-cutting themes. The Health Board has also just relaunched the Information Technology Steering group, which is a sub-committee of the information governance group. This committee will help ensure routine monitoring and assurance on progress against ICT strategy within the Health Board, which has been a gap.

82 In 2016, we made the following recommendations relating to board and committee effectiveness and the BAF. Exhibit 7 describes the progress made.

Exhibit 7: progress on 2016 board and committee effectiveness recommendations

2016 recommendation	Description of progress
2016 R1 In order to better identify board assurance requirements, the Health Board should: • articulate its strategic objectives more clearly by using sub-objectives or aims; and • include in-year IMTP priorities.	**On track** The Board has, as part of its refreshed IMTP for 2017-20, attempted to better capture strategic and related objectives, whilst also considering its 'draft' well-being objectives and goals linked to the requirements of new legislation. The Health Board has developed in-year IMTP priorities: these are in part aligned to the BAF, and this remains very much work in progress as part of the Health Board's evolution of its IMTP and BAF.
2016 R2 The Audit Committee should ; • ensure that it has appropriate arrangements in place to regularly review and monitor assurances within the Board Assurance Framework; and • develop a forward work programme to assist the committee plan and timetable meetings.	**Complete** The Health Board has arrangements in place to review the BAF quarterly. Additional forward work programmes are in place for all committees, which assists committee plan and timetable meetings.

2016 recommendation	Description of progress
2016 R3 The Health Board should ensure: • all reports and committees adopt the revised report template; and • the report template is used to clearly articulate the purpose of the report and the action/decision required when plans and policies are reported to board and committees.	**Complete** Committees are in the correct corporate template.
2016 R4 Complete the design and implementation of the supporting structures for the newly created Quality, Safety and Risk Committee.	**Complete** Following consideration and further discussion at the September 2017 meeting of the Quality, Safety and Risk Committee, it has been decided not to proceed with the establishment of an assurance sub-group and instead to work to develop and improve directorate exception reporting. The remaining sub-committee working arrangements are generally agreed and in place.
2016 R5 The Health Board should ensure that reports from the Delivery Unit (DU) are subject to the organisation's governance and assurance arrangements.	**On track** The Board will ensure related reports from the DU are more formally considered where appropriate in the Board's governance and assurance arrangements. However, it should be noted that matters reported into and considered by the Board's Finance, Performance and Workforce Committee are also a key element of the Board's Governance and Assurance arrangements.

Risk management arrangements are sound and provide a reasonable basis to understand and respond to key organisational and strategic risks

83 The findings underpinning this conclusion are based on our review of the effectiveness of risk management arrangements. Our key findings are set out below.

84 In April 2017, Internal Audit gave reasonable assurance to the Health Board's corporate risk management arrangements. They found that the Health Board's approach to corporate risk management was relatively mature, and established processes are in place. The Health Board routinely reports its corporate risk register to Board and the Audit Committee. Each risk within the register has been allocated to a committee for oversight and scrutiny and a summary of the committee risk register is reviewed and regularly updated at committee meetings.

85 Board members will have the opportunity to attend risk appetite training next year, as a decision was made to wait until the new cohort of IMs had been appointed. This will be positive as it raises awareness and prompts discussion within the Board.

Executive leadership issues, notwithstanding information governance arrangements, appear to be settled, with no major changes to last year. Preparations are in place for the new general data protection regulations (GDPR), and the role of data protection officer has been allocated

86 The findings underpinning this conclusion are based on our review of the effectiveness of the Health Board's information governance arrangements. Our key findings are set out below.

87 The information governance group (IGG) is a sub-committee and reports to the Quality, Safety and Risk Committee. The Caldicott Guardian and Director of Governance and Corporate Services/Board Chair are members of both groups. The Executive lead for ICT also attends the Quality and Safety Committee.

88 Information Governance KPIs are reported to the IGG on a quarterly basis, which includes indicators on freedom of information access requests, subject access requests, training compliance and incidents. The IGG also receives updates on any information governance incidents reported within the organisation since the previous IGG meeting. There are guidelines in place to determine whether an information security breach should be considered for reporting to the Information Commissioner's Office (ICO), as well as dealing with security incidents that are reported on Datix.

89 The IGG monitors compliance with information governance training. Members of the IGG are concerned at the slow pace of training up-take and whether key risk areas are targeted effectively. However, the completion of online training has been increasing monthly. In May 2017, the compliance rate was 51.77%, which had risen to 61.38% by August 2017. Information governance forms part of the staff corporate induction and there are monthly classroom sessions as well. In addition, the ESR eLearning module gives access to online packages.

90 The IGG has begun preparations for GDPR, and a working group has been established to develop an action plan for the Board. The Head of Corporate Services will lead the group, which will report to the IGG. A review of all information governance related policies and documentation will be undertaken to ensure they reflect GDPR requirements, and this is included on the action plan for the GDPR Task and Finish Group. GDPR will also feature on the information governance risk register.

91 The Health Board has allocated the Data Protection Officer (DPO) role to the Board Secretary/Director of Corporate Services and Governance.

92 The information governance team are in the process of developing an information asset register and associated documentation and expect to present an status update at the December 2017 meeting of the IGG. It is important the Health Board has an information asset register not only to meet GDPR requirements, but also to have a firm understanding of the information it holds, and where it is held, to meet business and patient needs.

93 There is now a dedicated records hub in Williamstown. However, there is a risk that it might be full in 12 months' time if planned digitisation projects do not occur. This is reflected as a high risk in the information governance risk register with appropriate mitigating actions.

Performance management arrangements are largely sound, with important work having been done to strengthen accountability for performance within the organisation

94 The findings underpinning this conclusion are based on our review of the effectiveness of performance management arrangements. Our key findings are set out below.

95 There are a range of activities in place to monitor performance within the Health Board, these include;

- Clinical business meetings – where a small core of executives meet on a monthly basis with clinical and managerial leads of each directorate to provide oversight and performance management of the entire operation;
- Corporate business meetings – where a small core of executives meet on a bi-monthly basis with the managerial leads for each major corporate function to provide oversight and performance management; and
- Operational Board – where the Chief Operating Officer oversees the cluster of cross-cutting themes and associated activities to achieve medium to long-term improvement trajectories.

96 To enable performance monitoring at committee level the Health Board has developed a Health-Board-wide performance measure report[4], which comprises Tier 1 targets and outcome measures. Work is developing on primary care measures, and there is a small section looking at commissioned services, which is positive, although the Health Board will need to consider appropriate indicators on quality and services and patient outcomes within these services. A recent report by Internal Audit gave reasonable assurance but highlighted the need to review and strengthen arrangements associated with the production of a performance dashboard report. Information in this report was subject to review and validation, and Internal Audit highlighted issues with the lack of capacity within the Planning and Performance directorate to produce this report, exacerbated by a lack of documented standard operating procedures, which would facilitate the report's compilation by another member of staff. There were also issues with the stability of the performance report database the Health Board needs to address. The Health Board is currently taking action to address the issues highlighted by Internal Audit.

97 Positively, there have been examples this year of the Finance, Performance and Workforce committee undertaking 'deep dives' into services where performance has deteriorated, or where there are areas of high spend. These deep dives are examples of effective scrutiny by committees in response to concerns around service delivery and financial performance.

98 The Health Board has also recently approved a new performance management framework, which is currently being implemented. The Health Board has recognised the need to have more accountability for performance and the framework aims to support this. There is a drive to push accountability down through the organisation, which the Health Board feels will improve delivery of its corporate objectives as well as empower the staff within the organisation. The purpose of the framework is to set out to all staff within the organisation what is expected of them individually and collectively. However, the corporate objectives now need translating into personal objectives and then into personal development reviews (PDRs). Work on this framework is positive, but the Health Board will need to improve its PDR compliance, which as at September 2017 was 64% and also, do work to refine the

[4] Cwm Taf Integrated Performance Dashboard

corporate objectives into personal objectives for its staff. We will follow this up next year as part of our ongoing audit work.

There is a need for ongoing action to tackle workforce challenges, implement the new digital health strategy and to continue to develop corporate change management arrangements

Overall change management arrangements are good, however, there is scope to improve visibility of progress against the cross-cutting themes and review the effectiveness of the Programme Management Office

99 The Health Board has had a Programme Management Office (PMO) since 2015. The purpose of which is to provide programme management of the implementation of the Health Board's three-year plan and in particular to co-ordinate, direct and oversee the projects and transformation activities in the cross-cutting themes necessary to deliver the outcomes and benefits in the three year plan. The PMO also supports directorates and directors who are responsible for implementing key elements of the plan. The PMO has a yearly plan of work and priorities; however, to date there has been no specific review of the effectiveness of the PMO.

100 Given its limited capacity, the PMO focusses on empowering directorates to deliver change via the provision of support and guidance. There is nothing wrong with this approach. However, there are opportunities to share more feedback and lessons learnt by the PMO to directorates. Directorates' awareness of progress against the nine cross-cutting themes has also been highlighted as an issue with some reporting feeling remote from the work of the cross-cutting themes. More generally, the Health Board is working to improve support for directorates who will now be getting performance management support as part of the business support model already in place.

Steps are being taken to tackle some significant workforce challenges within the Health Board, however, agency spending and sickness levels remain comparatively high

101 As with other Health Boards, Cwm Taf is experiencing workforce pressures. At the time of this report, there were 24 medical posts vacant. The Health Board is targeting productivity across medical and nursing with workforce utilisation schemes looking at both medical and nursing expenditure. This activity focusses on reducing costs but spend on nursing and medical agency staff as a percentage of total pay in Cwm Taf has risen from 4.9% in 2015-16 to 7% in 2016-17.

102 A targeted recruitment strategy is in place as well as a strong recruitment brand in the format of 'Cwm Taf Cares' which is supported by a social media campaign emphasising the benefits of living and working in Cwm Taf. The time to hire staff (time measured from advert placed to pre-employment checks complete) has improved considerably from 2013-14 from 129.6 days to 67.3 days currently, which is just above the Welsh average.

103 Whilst staff turnover is around average, sickness levels are comparatively high when compared with other Health Boards. There is evidence of an improvement in sickness absence rates, however, aided by targeted action to tackle the sickness levels in a number of directorates. Continued action is needed to improve compliance with mandatory training and personal development reviews (as

mentioned earlier). More broadly, it is positive to see these key workforce metrics monitored with detailed monthly commentary on actions.

104 One priority has been to build leadership capacity and capability internally amongst key individuals, teams and staff groups. One good example is the PACT development programme, which is a formal 18-month programme for directorate managers and their business partners. This was specifically to support the development and delivery of the IMTP. The Health Board has also developed a graduate programme in collaboration with other Health Boards. The scheme commenced in February 2016, the first two cohorts have recruited 10 graduates and the Health Board are recruiting for a third cohort of five places. These schemes seek to grow management and leadership capacity from within the Health Board.

105 The Health Board is working to introduce new ways of working and new models to help ease the workforce challenges. The Health Board is using its workforce plans to look at key elements of workforce redesign, for example, extending the use of advanced nurse practitioners and emergency nurse practitioners. The Health Board has implemented the new clinical health care support worker skills and career framework, which focuses on the development of band 2 – 4 nursing staff. Work is also ongoing within the medical staff side and the Health Board are looking at ways to use consultant and career grades more effectively.

The development of Digital Health Strategy is a positive step, work now needs to be done to break this down into key deliverables, allocation of resources and consistency at senior leadership level so its delivery is not hindered

106 In 2015, we reported that the Health Board did not have an approved ICT strategy in place. The lack of a strategy meant Health Board had nothing to base its ICT policies, governance structure, and infrastructure developmental decisions on.

107 This year the Health Board has developed a Digital Health Strategy and Strategic Outline Programme (SOP), along with other Health Boards in Wales. Cwm Taf's Digital Health Strategy received approval at the executive board in June 2017, and was subsequently submitted to the Welsh Government (WG). Since then WG has allocated funding for projects that relate to implementing All Wales systems. Cwm Taf Health Board are receiving £260,000 for four of these projects.

108 The Digital Health Strategy development was supported by external consultants ATOS who worked with the Health Board for eight weeks. Undertaking a review of the current arrangements but also engaging with a wide cross-section of the Health Board. The Strategy sets a clear vision for the Health Board over the next three to five years and explains how digital informatics services will be supporting the achievement of the Health Board's IMTP.

109 The Health Board recognises that it now needs to take the strategy and break it down into key deliverables. The project now needs allocation of financial resources.

110 Previously the Health Board has identified gaps in assurance around ICT, however, the Health Board has recently established a Digital Strategy Group which held its inaugural meeting in November 2017. An Independent Member chairs the group and it includes membership from across the organisation and the NHS Wales Informatics Service (NWIS). The group will own, oversee and guide the delivery of the strategy on behalf of the Executive and the Health Board. The group will provide regular assurance reports to the Quality, Safety and Risk committee highlighting progress and risks as

appropriate. It is too early to assess the group's effectiveness and we will review its governance and operation as part of our audit work next year.

111 The Health Board has recently strengthened the capacity within the informatics team. In recent years, there has not been an appointed Associate Director for informatics (ADI). During 2017, the Head of Clinical IT systems performed the role in an interim position. We have been informed that a permanent ADI has recently been appointed and they will commence their role before the end of the 2017 calendar year.

112 Although the Health Board has arrangements in place for managing its IT risks, it is not clear whether there are formal arrangements for agreeing IT changes. The DATIX system enables recording of IT risks, these are elevated to the Board/corporate risk register if required. As well as the IT steering group, the IT change advisory board has not met recently, so it is not clear where IT changes are agreed. The Health Board needs to ensure that it has appropriate mechanisms in place for IT change management.

113 There is only one dedicated person in the Health Board for cyber security (the information security manager), alongside the server team. They await the outcome of a national NHS Wales Information Service (NWIS) cyber security review, and plan to act according to any recommendations made. There is also work on an all-Wales basis to develop a cyber-security policy and procedures. Locally, the Health Board has started to develop some, but these may change because of the cyber security review.

114 In 2016 we made the following recommendation relating to ICT and the use of technology. Exhibit 8 describes the progress made.

Exhibit 8: progress on 2016 ICT and use of technology recommendation

2016 recommendation	Description of progress
2016 R6 Address the pace at which outstanding information management and technology audit recommendations are addressed.	**On Track** The Health Board has taken steps to address a number of our recommendations, for instance the development of an ICT strategy. However, the Health Board is aware a number of recommendations still need to be addressed, and completion of these is being monitored through the Audit Committee.

Appendix 1

The Health Board's management response to the 2017 structured assessment recommendations

The Health Board's/Trust's management response will be inserted once the response template has been completed. The appendix will form part of the final report to be published on the Wales Audit Office website once the report has been considered by the board or a relevant board committee.

Exhibit 9: management response

The following table sets out the 2017 recommendations and the management response.

Recommendation		Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R1	The Health Board's Quality Impact Assessment Tool, which must be completed for schemes over £100,000, currently asks directorates to consider the impact of their savings schemes on: patient safety, clinical effectiveness, patient experience and staff experience. The Health Board should extend the template to also cover the impact of large savings schemes on other directorates and services, other health bodies and external partners and organisations.	Better identification of impact of savings schemes	Yes	Yes	The Health Board will ensure the current templates in use, are extended to cover the recommendation made. These will be developed to inform the 2019-2022 IMTP process.	2018-19 (November)	Director of Finance

Recommendation		Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R2	We found that the Health Board's IMTP peer review process does not fully identify potential cross-directorate working opportunities and duplication. The Health Board should review and strengthen the process to better facilitate joint savings schemes and identify similar or duplicate schemes.	Facilitate identification of cross-directorate working opportunites	Yes	Yes	The Health Board will ensure its current processes are reviewed and strengthened in the area recommended and its findings will inform the 2019-2022 IMTP process.	2018-19 (November)	Director of Finance/ Director of Planning and Performance
R3	We found that there can be complexities to cross-directorate working, especially if directorates do not directly benefit from savings schemes. The Health Board should develop a set of principles for directorates, which encourages Health-Board-wide working.	Better Health-Board-wide working arrangements	Yes	Yes	The Health Board will develop a set of principles for directorates to adopt which encourages Health-Board-wide working. These will inform the 2019-2022 IMTP process.	2018-19 (November)	Director of Finance

Recommendation		Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R4	We found the Health Board has limited project management and data analytics capacity and skills to support savings planning and delivery, especially for Health-Board-wide schemes. The Health Board should review and consider enhancing current project management and data analytics capacity and skills.	Improve project management and data analytics capacity	Yes	Yes	The Health Board has recognised its deficits in relation to project management capacity/capability and data analytical support. Additional capacity is being resourced on data analytics and the UHB's Graduate Management Training Scheme is equipping all Trainees with Project Management Skills.	June 2018	Director of Planning and Performance
R5	The Health Board should further refine the IMTP reporting process to include detailed information on milestones to enable IMs to understand the current performance in line with expected trajectory.	Improved performance monitoring	Yes	Yes	The Board has made progress in this area over the last year and continues to explore all avenues to further refine and improve reporting arrangements. Indeed, Auditors have also been asked to help identify and direct the UHB to best practice.	2018-19	Director of Planning and Performance
R6	The Health Board should ensure there is a detailed resourced action plan to enable delivery of the Digital Health Strategy.	Effective implementation of Digital Health Strategy	Yes	Yes	The Digital Health Strategy whilst ambitious, will require a series of related business cases that the Health Board will need to consider and prioritise within its overall capital programme.	2018-19	Chief Operating Officer

Recommendation		Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R7	The Health Board needs to improve the quality of its papers presented to the quality, safety and risk committee: • making the papers more succinct and focussed (some papers viewed were overly long and complex); and • consider the agenda management for example bringing more complex issues to the beginning of committee, and moving approval of polices to the latter end of the agenda	Improve committee effectiveness and scrutiny	Yes	Yes	We will continue to work with Director colleagues to ensure the quality of Committee Papers and structure and focus of its agenda continue to evolve, mature and ultimately improve. Completed	2018/19	Director of Nursing, Midwifery and Patient Services Director of Corporate Services and Governance/ Board Secretary

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