Structured Assessment 2017 – **Public Health Wales NHS Trust**

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The Trust is further improving aspects of its governance and planning arrangements but is not yet reporting effectively on its performance or implementing some key arrangements

Summary report

Introduction and background

1   Our structured assessment work helps inform the Auditor General's views on the Trust's arrangements to secure efficient, effective and economic use of its resources. Our 2016 work found that the Trust was continuing to strengthen corporate governance arrangements and was making progress in addressing previous recommendations. Financial management arrangements worked well but board reporting on financial performance against the budget strategy and integrated medium-term plan milestones could be improved.

2   As in previous years, our 2017 structured assessment work has reviewed aspects of the Trust'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 also followed up our work on the Trust's arrangements for planning and delivering 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 and observations at board and committee meetings, together with reviews of relevant documents and performance and finance data.

Key findings

5   The Trust is further improving aspects of its governance and planning arrangements but is not yet reporting effectively on its performance or implementing some key arrangements. It is proactive in assessing wider organisational effectiveness, is working to improve and embed arrangements for good governance and engaging stakeholders and the public to inform longer-term plans. Financial reporting has improved but the full breadth of the Trust's business is not captured in performance reports while reporting on progress against the annual operational plan is infrequent and some key arrangements for informatics developments have yet to be implemented. The reasons for reaching this conclusion are summarised below.

Financial planning and management

6   Arrangements for financial planning and management are working well, however, whilst detail in board finance reports has improved, information on savings identified for re-investment is limited. In reaching this conclusion, we found:

- the Trust consistently delivers its financial savings and achieves year-end financial balance;

- the Trust has made improvements to financial planning, although there can be challenges to the delivery of some savings plans when they involve withdrawal of funding from other organisations;

- the Trust's arrangements for operational monitoring and oversight of financial performance and savings plans remain robust; but while board level information provides greater detail, information on the use of savings identified for re-investment is limited; and

- the Trust made good progress to address previous recommendations on financial planning and reporting.

Financial performance

7   The Trust consistently delivers its financial savings and achieves year-end financial balance and at the end of 2016-17, it made a small surplus (£16,000). The Trust also met its financial duty to break even over the three years 2014-15 to 2016-17. The Trust delivered the £1.848 million of savings identified in the 2016-17 budget strategy and anticipates delivering the totality of planned savings for 2017-18. At the end of October 2017, the Trust had delivered 55% of the planned savings identified in the budget strategy for 2017-18, slightly less than that planned (58%) for this point in the year. The Trust continues to forecast to break even for the year ended 31 March 2018.

Financial savings planning and delivery

8   The Trust has made improvements to financial planning, although there can be challenges to the delivery of some savings plans when they involve withdrawal of funding from other organisations. The financial planning process remains an integral part of the Trust's planning cycle and the budget setting process is largely unchanged. Each division is required to make 1% savings to cover cost pressures and general cost improvements. Given the size of savings on pay in 2016-17, the Trust put in place an establishment control procedure to remove long-standing vacant posts from baseline establishments. Once approved, any changes to divisional budgets and divisional establishment lists have to be approved by both the Deputy Chief Executive/Executive Director of Operations and Finance and the Director of People and Organisational Development.

9   The Trust is of the view that it is not always possible to engage fully with external bodies about disinvestment. A number of savings schemes for 2017-18 rely on withdrawing funding from external organisations. At the start of the financial year, budget holders were asked to confirm that the level of funding to be reduced or withdrawn had been discussed and agreed, or alternative plans put in place.

Financial savings monitoring

10   The Trust's arrangements for operational monitoring and oversight of financial performance and savings plans remain robust; but while board level information provides greater detail, information on the use of savings identified for re-investment is limited. The Trust's arrangements for scrutiny of financial performance, including savings plans, are well established with the finance team closely monitoring budgets and tracking savings on a month-by-month basis. The finance team has improved the tracking log for monitoring delivery of savings and reasons for slippage are captured in a more systematic way. Increased scrutiny is helping to target support earlier and to ensure alternative savings plans are put in place.

11   The Trust has improved the format and content of Board finance reports making it easier to track performance against the budget strategy. However, finance reports omit any narrative about the achievement or otherwise of re-investment plans funded from savings, which over the last two years totalled more than £2 million.

Progress in addressing previous recommendations on financial planning and management

12   The Trust made good progress to address our 2016 recommendations on financial planning and reporting. The 2017-18 budget strategy suggests there is less emphasis on creating an investment reserve from savings but nonetheless, proposals for re-investment are still subject to scrutiny as part of the budget setting process. The nature of risks associated with individual savings schemes are recorded and discussed as part of the budget setting and scrutiny process. In future, where budget holders rely on achieving savings by withdrawing or reducing funding to external organisations, they will need to provide evidence at initial budget scrutiny meetings that discussions with external organisations have taken place before budgets are finalised.

13   The Trust has improved the content of board finance reports with more detailed information provided on the achievement of savings and the action taken to address slippage; a summary of the risks to achieving year-end breakeven; detail on the cumulative expenditure against the capital plan; and the reasons for under or overspends on directorate budgets with an indication of the effect on service delivery or quality.

Governance and assurance

14   The Board is working effectively and building upon work to improve governance arrangements but there is more to do to extend scrutiny of performance in key areas. In reaching this conclusion, we found:

- ongoing improvements to risk management arrangements are taking effect;

- the Board operates effectively and remains committed to organisational effectiveness and continuous learning, however, the need to fill vacant non-executive posts is becoming pressing;

- the Trust is improving internal controls but it is not making effective use of the National Fraud Initiative;

- the Trust is strengthening arrangements for information governance and information security but the time available for scrutiny appears limited and the role of Data Protection Officer under the General Data Protection Regulations is not set out in the new policy; and

- performance reporting is improving but not all parts of the Trust's business is subject to Board scrutiny and reporting against the operational plan is infrequent.

Risk management and board assurance

15   Ongoing improvements to risk management arrangements are taking effect. The risk management policy and procedures were approved earlier in the year. Roles and responsibilities of staff and the Board in relation to scrutiny and oversight of strategic, corporate, directorate and divisional risks captured on the risk registers are clearly set out. Although training on risk management is not mandatory, the Board expects staff with specific responsibilities to undertake face-to-face training. Meanwhile, a 'Guide to Risk Management' is in development for new starters along with a set of 'frequently asked questions'.

16   Risk management is becoming more effectively embedded within the organisation and the quality of the directorate risk registers is improving. The Internal Auditors' review of the Trust's risk management arrangements found them to provide reasonable assurance, and it is evident that risks are escalated and de-escalated in line with risk management procedures. The Trust is confident that its risk management arrangements have matured but will seek to confirm this. It plans to undertake work to assess the maturity of its risk management system against the international risk management standard by the end of the financial year.

17   Responsibility for oversight and scrutiny of strategic risks set out in the board assurance framework is delegated to the appropriate board committee. Our observations at committee meetings indicate however, that little time is typically allocated to this task within committee agendas. The Board recognised that the level of scrutiny needed to improve and now considers the board assurance framework alongside the performance and finance reports given that many

mitigating actions are also captured in these reports. Meanwhile, discussions to define the organisation's risk appetite are also underway.

Board effectiveness

18   The Board operates effectively and remains committed to organisational effectiveness and continuous learning, however, the need to fill vacant non-executive posts is becoming pressing. There is an ongoing programme of work to address areas for improvement identified by both the Board and Audit and Corporate Governance Committee as part of their annual review of effectiveness. The Quality, Safety and Improvement Committee carried out its annual assessment of effectiveness in November 2017; following discussions of the findings, an action plan is being developed to address areas for improvement Plans are in place for the People and Organisational Development Committee to assess its effectiveness in early 2018.

19   The Trust continues to tailor induction programmes for new non-executive officers and topic specific sessions developed for members of the Audit and Corporate Governance Committee will be incorporated into the broader induction programme. However, the Trust remains without its full complement of non-executive members given that it was unsuccessful in filling two vacant non-executive officer posts. There are ongoing discussions between the Trust and Welsh Government about attracting candidates with the necessary skills and experience to non-executive roles. On a positive note, the Trust was successful in facilitating the attendance of a second staff side representative at board and committee meetings.

20   The Trust continues to be proactive in assessing wider organisational effectiveness. In 2016, it commissioned an external review of the Screening Division to look specifically at its structure and organisation. Project management arrangements are in place to address the report's 20 recommendations. Meanwhile, the Trust reports that the invited peer-to-peer review conducted by the International Association of National Public Health Institutes was largely positive with the formal report expected in early 2018.

Internal controls

21   The Trust is improving internal controls but it is not making effective use of the national fraud initiative. A Policies, Procedures and Other Written Control Documents Management Procedure is in place, which Internal Auditors found to provide reasonable assurance. A central Policy and Written Control Document Register is continuously updated and provides a record of all approved organisation wide policies and control documents. All expired policies and procedures are risk assessed by the named policy lead and the outcome shared with the appropriate approving committee.

22   The Audit and Corporate Governance Committee has a well-established approach for tracking progress against internal and external audit recommendations.

Progress against recommendations is considered at every meeting and the pace of progress challenged. Relevant officers attend the committee as part of this challenge, particularly when action is taking longer than anticipated and where audit reports provided limited assurance. Improvements to the tracking log were made earlier in the year following review of the format, quality and timeliness of information presented. A cover report now highlights significant changes or decisions that the Committee is asked to make.

23   The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect fraud and overpayments by matching data across organisations. The Trust is a mandatory participant. In January 2017, it received 1,819 data-matches of which, 121 were considered high risk. The Trust did not review any of the data-matches until December, some ten months after receiving the data. It is of significant concern that the Trust has failed to made effective use of the NFI as part of its arrangements to prevent and detect fraud. There were similar issues during the 2014-15 NFI data matching exercise when the Trust failed to complete all reviews of the recommended data matches in a timely way.

Information governance

24   Arrangements for information governance and information security are being strengthened but the time available for scrutiny appears limited and the role of Data Protection Officer under the General Data Protection Regulations (GDPR) has yet to be described. The introduction of the GDPR from May 2018 provided the impetus to revise and streamline information governance policies and procedures with roles and responsibilities clearly set out. However, the Data Protection Officer, mandated under the GDPR, is not yet described. Meanwhile, compliance with information governance training is improving but remains below historical levels.

25   The Trust must assess annually its compliance with the Caldicott Principles for ensuring that patient identifiable information is protected and used only when appropriate to do so. The Trust's self-assessment shows substantial improvement over seven years but the most recent assessment shows that information provided against some standards could provide a more realistic picture. It is important that the Trust's self-assessment is robust because it accompanies all applications to the Confidentiality Advisory Group of the Health Research Authority for approval to use patient identifiable information without consent, under Section 251 of the NHS Act 2006.

26   It is important that the Trust understands what information it holds in order to protect it and to exploit its potential. Not all information flows have been mapped and work on the Information Asset Register has taken a long time. Until now, the Trust has relied on a legacy information security policy while waiting for an all Wales policy to be developed and released. A new Information Security Policy has been approved following revisions by the Chief Risk Officer and Head of Informatics in recognition of the interrelationship between the two disciplines.

Meanwhile, information security risks are managed within the overall Risk Management Policy.

27   Arrangements for the oversight of information governance are in place both strategically and operationally. The time available for scrutiny of information governance issues by the Quality, Safety and Improvement Committee appears limited compared with the time available prior to the dissolution of the Information Governance Committee. The Trust has indicated that the Quality, Safety and Improvement Committee's recent self-assessment found that its oversight of information governance had improved alongside improvements in the level of detail and quality of information received.

Performance reporting

28   Performance reporting is improving but not all parts of the Trust's business is subject to Board scrutiny and reporting against the operational plan is infrequent. Arrangements for performance monitoring and reporting on key service, quality and resource indicators are clearly set out in the Trust's integrated medium-term plan, which received approval from the Cabinet Secretary for the third year running. Over the last three years, the number of performance indicators within the Delivery Framework has increased but does not include performance measures covering the full breadth of Trust's business, such as NHS Quality Improvement/1000 Lives, health intelligence and national health improvement programmes like the 'first 1000 days'. Performance reports draw the Board's attention to areas of under-performance and indicators rated using the RAG (red, amber, green) system to denote variance against target.

29   Over the last couple of years, we have been critical about the lack of information reported to the Board in relation to the achievement of the milestones set out in the integrated medium-term plan and progress in delivering the annual operational plan. Overall progress and impact has yet to be reported publically to the Board other than the number of objectives achieved, while progress against the 2017-18 operational plan has been reported twice (July 2017 and January 2018) despite plans to report quarterly.

30   Service user stories are becoming a regular feature of board meetings and the summary of service user experience was recently published. The Board agreed a more structured approach for identifying stories that reflect the diversity of the organisation's work with service users, local communities and whole populations. Meanwhile, work to develop a service user experience report concluded when the experience report was presented to the Quality, Safety and Improvement Committee for consideration. A succinct summary of experience information was also included for the first time in the performance report for the November 2017 board meeting.

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

31   The Trust has an active programme of engagement to inform its long-term strategy, is improving workforce planning and has an ambitious informatics programme to support the delivery of its integrated medium-term plan but some key arrangements have yet to be agreed and implemented. The findings underpinning this conclusion are summarised below.

Workforce planning and management

32   The Trust is working to improve workforce planning and changes to the people and organisational development dashboard are helping to improve scrutiny. Arrangements for developing workforce plans at a divisional and directorate level are being strengthened while there is ongoing work to develop a long-term public health workforce strategy. There is ongoing work to improve compliance with annual appraisals and performance reviews for non-medical and non-dental staff, which stands at 71%. Compliance with medical/dental appraisal and revalidation is 100%. Overall compliance with statutory and mandatory training was 82% at the end of November 2017 and the Trust is confident that it will reach the NHS Wales target (85%) by the end of March 2018.

33   The Trust has made great strides to improve the quality and format of information presented to the People and Organisation Development Committee, which is helping to improve scrutiny and assurance. The workforce dashboard provides a broad range of metrics, a summary of performance and remedial actions for improvement. Our analysis of a range of workforce metrics suggest that the Trust spends comparatively less than other health bodies on agency staff but expenditure is rising. Although the Trust performs well on sickness absence compared with other health bodies, levels are above the organisational target. The Trust has the second highest level of staff turnover amongst NHS bodies in Wales at 11.9%, which the Trust is working to understand better, while there have been significant improvements in the time taken to recruit staff, down from an average of 64.7 days in 2016-17 to 39 days in August 2017.

Stakeholder engagement

34   The Trust has an active programme of engagement to inform development of its long-term strategy and it remains committed to improving engagement with service users and communities. Stakeholder engagement and partnership working are key in helping it deliver strategic priorities and objectives. The Trust identified the key internal and external stakeholders with whom it was important to engage as part of the process to develop its long-term strategy. A programme of engagement activities was developed for both external and internal stakeholders, including the public. The information from these multiple activities is helping to shape Board and senior leadership team discussions on the long-term strategy.

35   In 2016, the Trust commissioned a review of its arrangements for engaging with service users and the public. The review found a lack of clarity, consistency and cohesiveness in relation to engagement practice, which affected the engagement with individuals and communities. The Trust is working to address areas for improvement, starting with the development of an overarching engagement approach, which was recently shared with the Board.

ICT and use of technology

36   There is an ambitious programme of informatics developments planned to support delivery of the integrated medium-term plan but the digital strategy and programme management arrangements have yet to be approved and implemented. To support the Welsh Government's vision for a digitally enabled NHS, all NHS bodies, including the Trust, developed a strategic outline programme (SOP) setting out a five-year view of investment requirements for technology and digitally-enabled service change. The Trust's indicative capital and revenue requirements total £16.8 million, which means the Trust will need to prioritise the proposed programme of work set out in the SOP. Meanwhile, the information governance and IT risk register highlights the risks of not being able to deliver the planned programme of informatics developments.

37   The core delivery areas set out in the SOP are reflected in the Trust's integrated medium-term plan and its draft digital strategy. One of the proposals reflected in these documents is the establishment of a Digital Transformation Board led by a clinical informaticist to agree and prioritise informatics developments and services, to provide oversight of delivery, as well as specific responsibilities for assessing the implications for cyber-security on informatics developments. At this time however, there are no definitive timescales or agreed set of actions to take forward this proposal.

Recommendations

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

39   The Trust's management response detailing how it intends responding to these recommendations is included at Appendix 1.

2017 recommendations
Financial reporting
R1   Board finance reports omit information on whether re-investment priorities funded by efficiency savings identified in the budget strategy have been successfully delivered. **The Trust should therefore include information on the performance of re-investment plans funded through efficiency savings within its finance reports to Board.**
Internal controls
R2   The Trust is a mandatory participant of National Fraud Initiative (NFI) data matching exercise but it has not made effective use of the data matches provided for 2016-17. The 2018-19 NFI data matching exercise begins in October 2018 at which time **the Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed and where necessary investigated in a timely manner.**
Information governance
R3   The EU General Data Protection Regulations, which take effect from 18 May 2018, mandate the role of Data Protection Officer. However, the role of the Data Protection Officer, and where it sits within the Trust's governance structures, is not described in the Trust's new Information Governance Policy. **The Trust should clearly set out the role and responsibilities of the Data Protection Officer and lines of accountability associated with the role.**
Information security
R4   The Internal Audit Service completed an audit of the Trust's cyber security arrangements at the same time as the Trust was developing the new Information Security Policy and supporting procedures. **The Trust should compare the Internal Auditors' findings with the new policy and supporting procedures to ensure there are no gaps.**
Performance reporting
R5   The Delivery Framework does not cover the full breadth of the Trust's business. **The Trust should therefore agree realistic measures for those parts of the business not currently covered by the Delivery Framework, such as NHS Quality Improvement/1000 Lives, health intelligence and national health improvement programmes like the 'first 1000 days', to enable Board scrutiny, and to report on them accordingly.**

2017 recommendations

Performance reporting

R6   The Delivery Framework indicates that progress against the annual operational plan will be reported quarterly but was reported only twice in the public domain. Meanwhile, NHS Planning Guidance for 2017-2020 indicates that boards should receive an overall assessment of progress against the integrated medium-term plan in public session at least bi-annually. **The Trust should therefore**:

    a.   **clarify the frequency of reporting against the Delivery Framework; and**

    b.   **prepare a report setting out the overall progress against the integrated medium-term plan milestones and the impact**

Informatics

R7   The Trust has yet to finalise its Digital Strategy for taking forward proposals set out in the integrated medium-term plan and the Strategic Outline Programme, including putting in place the necessary governance arrangements for oversight and scrutiny. Meanwhile, recommendations from our previous audit of the Trust's IT capacity and infrastructure were judged to be complete, which may have been premature given that the strategy has yet to be finalised. **The Trust should**:

    a.   **move to finalise the Digital Strategy;**

    b.   **identify a clinical lead for informatics developments;**

    c.   **develop effective IT training services; and**

    d.   **establish the proposed Digital Transformation Board and agree its terms of reference.**

Detailed report

Arrangements for financial planning and management are working well, however, whilst detail in board finance reports has improved, information on savings identified for re-investment is limited

40 In addition to commenting on the Trust's overall financial position, we followed up on our 2016 work, which looked at the Trust's arrangements for identifying and monitoring savings and reinvestments. Although a detailed examination of individual savings plans was beyond the scope of this review, we assessed whether the individual savings plans for 2016-17 were achieved. We also reviewed progress made to address the recommendations arising from this work. Our findings are set out below.

The Trust consistently delivers its financial savings and achieves year-end financial balance

41 The Trust once again achieved financial balance in 2016-17 and made a small surplus (£16,000). It also met its financial duty to break even over the three years 2014-15 to 2016-17. The Trust consistently delivers savings and in 2016-17, it delivered the majority (91%) of the £1.848 million planned savings identified in the budget strategy. The shortfall was covered by underspends within the affected directorates, primarily underspends on staff pay as a result of higher than anticipated staff turnover and recruitment delays.

42 Budget holders developed 45 savings schemes in 2016-17 to deliver the £1.848 millions of savings. As part of our audit work, we looked at whether these schemes successfully delivered these planned savings. We found that over the course of the year a number of the schemes had been revised or replaced and that 39 of the 45 savings schemes were successful, delivering savings totalling £1.687 million. More than half (£954,000) of these savings were pay related due to reductions in establishments, vacancies and voluntary severance.

43 Six schemes, totalling £159,000 (8% of the total savings identified originally), failed to deliver any planned savings and of these six schemes, one failed to identify where savings could be made. The others lacked key personnel to take forward the necessary actions to deliver savings while increased activity, incremental drift on pay and changes to divisional structures resulted in additional costs that offset any planned savings.

44 Exhibit 2 shows that all directorates except the Public Health Services and Health and Wellbeing directorates delivered planned savings. Of the total savings delivered by the 39 schemes, 83% of savings were recurring.

Exhibit 2: Breakdown of planned and achieved savings by directorate during 2016-17

Directorates/organisation	Planned £'000	Achieved £'000	Variance £'000	Proportion (%) of savings that are recurring	Proportion (%) of savings made on pay
Public Health Services	1,127	976	-151	81	39
Trust-wide/corporate	287	287	0	65	100
Health and Wellbeing	279	271	-8	100	63
Operations and Finance	63	63	0	100	100
NHS Quality Improvement and Patient Safety	37	37	0	100	100
Quality, Nursing and Allied Health Professionals	20	20	0	100	100
People and Organisational Development	19	19	0	100	100
Policy, Research and International Development	14	14	0	100	100
All	1,846	1,687	-159	83	57

Source: WAO analysis of Public Health Wales savings schemes

45   The Trust's budget strategy for 2017-18 is underpinned by a combination of pay and non-pay savings totalling £2.196 million. Planned pay savings make up a third of the savings identified compared with over half in 2016-17, with most of these planned pay savings recurring. Overall, the Trust anticipates that the schemes will deliver 84% of recurring savings this year. The Trust is of the view that delivering the same historic level of savings will become increasingly difficult, particularly where divisions have relied on over-achievement of pay-related savings because of delays to recruitment.

46   It is assumed that savings are achieved in equal twelfths across the year but in reality, there has been an under or overachievement of savings across some schemes earlier in the year. The level of planned monthly savings has been adjusted to reflect a more realistic delivery trajectory until the end of the financial year. The Trust has made a number of changes to its savings plans this year and put in place alternatives where plans are failing to achieve, or to replace those now found to be unachievable. For example, the Microbiology Division has been unable to realise planned savings and alternative savings plans of approximately £500,000 have been proposed.

47   The Trust anticipates delivering the totality of planned savings. At the end of October 2017, the Trust's financial return to the Welsh Government showed that it had delivered 55% of the planned savings identified in the budget strategy, slightly less than the 58% the Trust planned to achieve at this point in the year. Nonetheless, the Trust continues to forecast to break even for the year ended 31 March 2018.

The Trust has made improvements to financial planning although there can be challenges to the delivery of some savings plans when they involve withdrawal of funding from other organisations

48 The financial planning process remains an integral part of the Trust's planning cycle and finance and workforce business partners continue to support budget holders as part of the integrated planning process. In 2016, we concluded that the budget setting process was broadly sound and apart from putting in place an establishment control procedure, the process remains largely the same. The Trust developed the establishment control procedure given the size of pay-related savings in 2016-17. Posts vacant for six or more months are now removed from a divisions' baseline establishment unless there are genuine reasons to carry vacancies. Divisional budgets are based on the month six expenditure in the previous year, adjusted for cost pressures, a 1% efficiency target and planned growth or investment. This process has traditionally worked well but the need to identify increasing levels of savings means the Trust should consider a more sophisticated approach to identifying savings which support longer term and sustainable efficiencies.

49 Budget holders are responsible for identifying the totality of savings needed to cover cost pressures and efficiency targets. In 2017-18, cost pressures equated to 1.9% of the Trust's revenue plan. Cost pressures varied between directorates ranging from 0.9% in the Quality Improvement and Patient Safety Directorate to 2.6% in the Operations and Finance directorate. Most budget holders work collectively with staff to identify savings opportunities and to develop plans to achieve them. The Trust reported that any savings not achieved in year are carried forward unless budgets are restructured. Some savings schemes might operate across a number of years with savings apportioned accordingly between financial years. The Trust expects budget holders to find recurring savings. If budget holders rely on non-recurring savings in one year, there is an expectation that by month six, the division will have developed alternative schemes to deliver recurring savings the following year.

50 Integrated planning and budget scrutiny meetings between budget holders and the Executive team take place in the November as part of the budget setting process for the following year. At these meetings, budget plans and proposed savings schemes are subject to challenge in terms of risk to achievement and the likely impact on service delivery and quality.

51 Our work in 2016 found that the Trust had agreed the budget for one division before notifying an external body of its plans to withdraw funding in line with the division's savings requirement. It ultimately transpired that the division was unable to withdraw the £30,000 funding. The division was expected to identify alternative savings but the shortfall was offset by underspends on the division's budget at the year-end.

52 At that time, we recommended that the Trust discuss plans to reduce or withdraw funding with external organisations before finalising budgets The Trust is of the view that it is not always possible to engage fully with external bodies about disinvestment. A number of savings schemes for 2017-18 rely on withdrawing funding from external organisations. At the start of the 2017-18 financial year, budget holders for these schemes were asked by the finance team to confirm the following for every scheme:

- whether the amount of disinvestment had been discussed and agreed with the external body from which funding is being reduced or withdrawn;
- whether a disinvestment plan, including negotiations on the disinvestment, had been prepared; and

- whether negotiations had taken place but whether a reduction in funding had been negotiated or whether a decision was taken to develop and alternative savings plan.

53 The finance team received confirmation from all relevant budgets holders that the level of funding to be reduced or withdrawn had been discussed and agreed with all relevant parties. In future, budget holders will need to provide evidence at the November budget scrutiny meetings that these questions have been before divisional budgets are finalised.

54 Budget holders continue to identify risks to achieving the savings identified in individual schemes before the budget scrutiny process begins. The finance team also continues to risk assess savings schemes in respect of uncertainty around achievability and service impact. Risks are categorised high, medium or low according to the following criteria:

- high risk savings are those which do not yet have fully worked up plans and there is a high level of uncertainty around the achievability;

- medium risk savings are those which have fully worked up plans but there is an element of uncertainty around the value of the savings and or the achievability; and

- low risk savings are those that have fully worked up plans and are deemed to be fully achievable.

55 The Trust's 2017-18 Annual Operational plan provided, for the first time, a breakdown of the volume of savings to be delivered across the seven directorates and corporately, with a third of savings categorised as high risk. Where the risk of failing to achieve savings is high, budget holders are expected to identify alternative savings plans before budgets are finalised at the start of the financial year.

56 Once approved, any changes to divisional budgets and divisional establishment lists have to be approved by both the Deputy Chief Executive/Executive Director of Operations and Finance and the Director of People and Organisational Development.

The Trust's arrangements for operational monitoring and oversight of financial performance and savings plans remain robust; but while board level information provides greater detail, information on the use of savings identified for re-investment is limited

57 The Trust's arrangements for scrutiny of financial performance including savings plans are well established with the finance team closely monitoring budgets and tracking savings on a month-by-month basis. The finance team has increased scrutiny of performance against budgets and savings plans and now capture the reasons for slippage in a more systematic way. This year, the finance team identified one individual to be responsible for monitoring delivery of the 53 savings schemes for 2017-18. The tracking log for monitoring delivery of savings now records the revised savings targets, as well as the original targets and the scheme's 'owner' and not simply the division or directorate to which the scheme applies. The level of scrutiny is helping to target support earlier and to ensure alternative savings plans are put in place as quickly as possible. Meanwhile, the Executive team continue to scrutinise the overall financial position on a quarterly basis, including the performance of individual savings schemes.

58   In 2016, we reported that the format and content of Board finance reports made it difficult to track performance against the budget strategy, particularly in relation to progress against savings and reinvestment plans. The finance team looked at how other NHS bodies constructed finance reports to see if the format would work for the Trust. It also worked with non-executive directors to identify improvements to the financial information reported to the Board.

59   The Trust has improved the content of Board finance reports with more detailed information provided on the achievement of savings and the action taken to address slippage; a summary of the risks to achieving year-end breakeven; detail on the cumulative expenditure against the capital plan; and the reasons for under or overspends on directorate budgets with an indication of the effect on service delivery or quality. More detail is provided in Exhibit 3. The most recent board finance report (November 2017) also summarises the key things that Board members should take from the report.

60   Finance reports, however, continue to omit any narrative about the achievement or otherwise of re-investment plans funded from savings. In 2015-16, the Trust's budget strategy identified funding totalling £1.12 million for re-investment in health improvement programmes related to early years, mental wellbeing, obesity and smoking prevention. In 2016, we found that this re-investment was monitored and reported at an operational level but delays in finalising the re-investment plan resulted in delays to recruiting staff to develop and lead these new programmes of work. Consequently, the Health Improvement Division was underspent on its budget at the end of March 2017. However, our review of the finance reports presented to the Board between September 2016 and September 2017 shows that the Health Improvement Division remained consistently underspent against its budget because of slippage against the early years, education settings and obesity prevention programmes.

61   Meanwhile, the investment reserve in 2016-17 totalled £1.24 million and was intended to support a number of re-investment priorities. There is no information in board finance reports to indicate whether the reinvestment priorities identified in the budget strategy were successfully delivered. There is evidence that two of the re-investment priorities – creating a Health and Sustainability Hub and ensuring accommodation is fit for purpose – were achieved based on information in other Trust papers and verbal updates to the Board. The Trust acknowledges that re-investments funded from savings is not typically reported. As part of its plans to develop values based reporting, the Trust intends to include information on return on investments. In the meantime, the Trust should indicate whether the savings identified for re-investment over the last few years (totalling more than £2 million) have achieved the intended benefits.

The Trust made good progress to address previous recommendations on financial planning and reporting

62   The Trust addressed the small number of recommendations that we made in 2016 about financial planning and reporting. Exhibit 3 describes the progress made by the Trust.

Exhibit 3: progress on 2016 financial planning and reporting recommendations

2016 recommendation	Description of progress
Where savings rely on reducing or withdrawing funding to external organisations, the Trust should discuss their plans with these organisations before finalising directorate budgets.	**Recommendation addressed** Although the Trust is of the view that it is not always possible to engage fully with external bodies about reducing or withdrawing funding, budget holders are required to identify risks of disinvesting and to draw up a plan for disinvestment, including timelines for negotiations where necessary. The finance team received confirmation from budget holders that amounts of disinvestment had been discussed and agreed with external organisations. As part of the budget setting process in future, budget holders will need to provide evidence that levels of disinvestment have been discussed and agreed and plans put in place.
The Trust should ensure that the nature of risks associated with individual savings schemes are recorded for every scheme.	**Recommendation addressed** The nature of risks associated with individual savings schemes were recorded and discussed as part of the budget setting and scrutiny process with divisions and directorates. The finance teams continues to risk assess all savings plans in relation to achievability and plans categorised as high risk require budget holders to develop alternative plans.
The Trust needs to ensure (re)investment plans include sufficient detail on costs and timescales as early as possible in the budget setting process.	**Recommendation addressed** Proposals for investments created from efficiency savings are subject to scrutiny as part of the budget setting process, but the 2017-18 budget strategy suggests there was less emphasis on creating an investment reserve from savings. Instead the Trust is working to ensure that its resources are re-invested or re-aligned to support its strategic priorities.
The Trust should review the format and content of board finance reports to: a. ensure information enables board members to track performance against the board strategy, including savings and investments; b. provide assurance that the quality, safety and delivery of services and	**Recommendation largely addressed** The Trust has made changes to the Finance reports presented to the Board in particular: • the report now includes a short table setting out key financial targets, including achievement of planned savings (target and cumulative savings) and the RAG risk rating; • detailed pay analysis highlighting significant underspends;

2016 recommendation	Description of progress
programmes of work are not affected by financial performance; and c. provide better links to the performance delivery framework in the IMTP.	• assumptions and risks to achieving year-end breakeven and a RAG rating provided; • the Trust continues to report on the financial position by directorate with detailed narrative included for those directorates where budgets are under or over spent and an indication of the effect on service delivery or quality; • budget phasing for those budgets that are not apportioned in twelfths, and reflect instead the timing of expenditure; • the balance sheet and movement against the opening balance, as well as a narrative on the balance sheet and cash flow; and • the cumulative expenditure against the capital plan for both strategic and discretionary plans; reasons for slippage were set out in the 2016-17 Month 11 board finance report set out the reason for slippage. However, the Board finance reports do not include any narrative on whether the savings identified for re-investment have had the desired effect and delivered intended actions or outcomes.

The Board is working effectively and building upon work to improve governance arrangements but there is more to do to extend scrutiny of performance in key areas

63   Our structured assessment work in 2017 has examined the Trust's arrangements for risk management, information governance, performance reporting and the effectiveness of the governance structures and internal controls. We have also assessed progress against recommendations made in previous years. Our findings are set out below.

Ongoing improvements to risk management arrangements are taking effect

64   The Trust's new Risk Management Policy was approved by the Board in May 2017. It sets out the roles and responsibilities of staff, expectations about training in risk management, how risk is categorised and the risk architecture, that is the different levels at which risk is managed within the organisation from division to Board. The supporting Risk Management Procedure, approved by the Audit and Corporate Governance Committee in June 2017, sets out the risk management principles and their application across the Trust. It also sets out the roles and responsibilities of Trust officers and the Board and its committees in relation to scrutiny and oversight of strategic, corporate, directorate and divisional risks captured on the risk registers. Organisation-wide risks registers are in place for information governance, health and safety and business continuity.

65   In 2016, we reported that work to embed the risk management framework at an operational level was ongoing with training to support implementation on hold while the new Chief Risk Officer revised the training programme following staff feedback. Training on the Trust's risk management system was rolled out as planned in January 2017 following revisions to the training programme. Anyone receiving the training since January is deemed a risk handler. Risk handlers support the risk owners, namely the divisional directors and Executive Directors. Training for risk owners is scheduled to get underway in the autumn, starting with the Executive team. Once risk owners are trained, they are expected to look at the effectiveness of the controls for mitigation captured on the board assurance framework, as well as the corporate, directorate and divisional risk registers.

66   Training on risk management is not mandatory but the Board expects staff with specific responsibilities for risk management to undertake the face-to-face training being rolled out across the Trust. A 'Guide to Risk Management' is in development for new starters to the Trust as part of the induction process. In the meantime 'frequently asked questions' are available to staff through the Datix system.

67   The Trust is of the view that at a directorate level risk management is more effectively embedded and the quality of the directorate risk registers is improving. It is evident from minutes of meetings and observations at Board and committee meetings that risks are escalated and de-escalated up and down the organisation in line with the risk management procedures. To date, the Trust's work to improve the quality of risk registers has focused on the corporate and directorate risks registers not division risk registers. Increased capacity within the risk and information governance team is helping to increase the regularity of support provided to the risk handlers across the divisions. The Internal Auditors review of the Trust's risk management arrangements in early 2017 found them to provide reasonable assurance with management action taken to address fully the recommendations including

making improvements to the quality and format of the risk register for the NHS Quality Improvement and Patient Safety Directorate.

68 The Trust is confident that its risk management arrangements have matured compared to two years ago. At that time, the Trust had assessed its risk management arrangements as satisfactory. The Chief Risk Officer is developing a risk maturity matrix based on the requirements of the international risk management standard ISO31000 to enable self-assessment by March 2018. In addition, the Trust is developing performance metrics for the risk management system and anticipates it will be ready by March 2018.

69 Responsibility for oversight and scrutiny of strategic risks set out in the board assurance framework is delegated to the appropriate board committee. Our observations at committee meetings during 2017 indicate that little time (5 minutes) is allocated for scrutiny while the Board has slightly more time (10 minutes). The Board recognised that the level of scrutiny needed to improve. It agreed to discuss the board assurance framework earlier in the meeting process alongside the performance and finance reports given many of the mitigating actions are also reflected in the performance reports.

70 The quality of information captured in the board assurance framework is improving with the risks, their causes and possible impact articulated more clearly, although there are a small number of gaps in controls and assurances. At its most recent meeting, the Audit and Corporate Governance Committee received a report summarising the potential gaps in controls and assurances for each strategic risk to help inform the work needed to ensure controls are effective. A cover report accompanies the board assurance framework, providing clarity about the revisions and updates made since the Board and committees last met while amendments are easily identified in the framework itself. Appropriate challenge by board members is provided when actions to mitigate risk have passed the deadline for completion.

71 Although the Board has yet to articulate its risk appetite, it is moving closer to doing so. A recent board development session was dedicated to risk management and the proposed risk appetite model with work done to determine the organisation's risk appetite.

72 In 2016, we found that the strategic risks recorded in the board assurance framework were linked to the strategic priorities by reference number only making it difficult to judge whether actions, controls and assurances were appropriate to the risks. Exhibit 4 describes the action taken by the Trust to address our recommendation.

Exhibit 4: progress on 2016 assurance framework recommendation

2016 recommendation	Description of progress
The Trust should consider how to make more explicit the linkage, other than a reference number, between strategic priorities and the strategic risks recorded in the board assurance framework, for example, by appending a list of the priorities.	**Recommendation addressed** The list of strategic priorities set out in the Trust's integrated medium-term plan is now clearly set out on the front cover of the board assurance framework, which provides clarity for the reader.

The Board continues to operate effectively and remains committed to organisational effectiveness and continuous learning, however, the need to fill vacant non-executive posts is becoming pressing

73   The Trust remains committed to openness and transparency and committee papers, with the exception of those for the Audit and Corporate Governance Committee, are publically available in advance of meetings. Meetings of the Quality, Safety and Improvement Committee and the People and Organisational Development Committee are now open to the public.

74   The Trust successfully facilitated the attendance and contribution of a second staff side representative at Board and committee meetings (with the exception of the Remuneration and Terms of Service Committee). There are, however, vacancies for two non-executive officers. The Trust was confident that it would fill these vacancies before the end of 2017 but was unsuccessful. The vacancies risk adding pressure to the time given by the existing non-executive officers to their role in scrutiny and assurance. Any delays to recruitment will be further exacerbated when a third non-executive officer steps down in autumn 2018. There are ongoing discussions between the Trust and Welsh Government to ensure the recruitment process attracts candidates with the necessary skills and experience, while board and committee workload is kept under review. Notwithstanding the concern about the inability to fill these non-executive vacancies, the on-going recruitment process does present the Trust with the opportunity to identify new non-executive directors with skills and experience in necessary areas such as business and finance.

75   In 2016, we reported that a programme of committee self-assessments starting with the Audit and Corporate Governance Committee was underway. The Committee self-assessment was completed early in 2017. It found a number of positive aspects as well as identifying several areas for improvement. Areas for improvement included: effective induction to the Committee; improving topic specific knowledge; ensuring appropriate oversight and scrutiny of systems for assurance, such as clinical audit; assessing the quality of information presented to the committee; and assessing the conduct of meetings to ensure time is used effectively and efficiently. Many of the actions identified for improvement have been addressed. In September 2017, the Committee received for the first time the Quality and Clinical Audit Plan. The plan provides assurance of the breadth of the national and local audits being undertaken across the Trust with detailed scrutiny of the plan delegated to the Quality, Safety and Improvement Committee. The Trust has also developed a short survey to assess the conduct of Board and committee meetings to replace the verbal feedback currently sought at the end of each meeting.

76   In March 2017, the Board assessed its effectiveness and identified three broad areas for improvement, namely to make good use of time by considering the right things, to receive assurances on all aspects of the Trust's functions and services and to ensure the Board is visible to the wider organisation, which has been an ongoing concern for some time. The Trust continues to tailor induction programmes for new non-executive officers and a programme of development sessions is taking shape. At its September meeting, the Audit and Corporate Governance Committee agreed that committee-specific training on topics, such as procurement and NHS counter-fraud should be incorporated into broader induction programmes for non-executive directors. Work is ongoing to address the agreed actions, such as developing guidance for preparing board and committees papers to ensure the appropriate quality and style to aid decision making by board members.

77   At the time of our audit work, two Board committees had yet to undertake self-assessments. In the case of the Quality, Safety and Improvement Committee, it was agreed to delay the self-assessment given changes in committee membership. The Committee carried outs its self-assessment in November; following discussion of the findings, an action plan has been developed for discussion by Committee's at its meeting in February 2018.The People and Organisational Development Committee is still relatively new and plans are in place for its annual self-assessment of effectiveness to take place in early 2018. Given these factors, the annual review of committee terms of reference is planned for the end of the year after the Trust's new Chair has an opportunity to review committee membership and work programmes.

78   To improve the conduct and effectiveness of board and committee meetings, board and committee agendas included time to reflect on the meeting and provide an opportunity for feedback. A short survey to assess the conduct of Board and committee meetings is now in use replacing the verbal feedback currently sought.

79   The Trust continues to be proactive in assessing wider organisational effectiveness and to ensure continuous learning. In 2016, the executive team commissioned an external review of the Screening Division to look specifically at the structure and organisation of the division. In order to address the report's 20 recommendations, the Trust is putting in place project management arrangements and establishing a project board (Screening for the Future), chaired by the Executive Director of Public Health Services and comprised of stakeholders from the Welsh Government, Health Boards and staff representatives. The report and proposed project management arrangements were shared with the Quality, Safety and Improvement Committee in May 2017 while the full Board received a short update in November. The governance and assurance arrangements will be agreed by the Board in January 2018.

80   In October 2017, the International Association of National Public Health Institutes conducted a peer-to-peer review at the request of the Trust. The peer-to-peer review provides an opportunity for 'critical friends' to assess what the Trust does and how it operates. The Trust received initial feedback following the visit, which it reports was largely positive. The formal report outlining the key findings and recommendations is expected in early 2018.

The Trust is improving internal controls but it is not making effective use of the national fraud initiative

81   Robust policies and procedures are one means of mitigating risks. In 2016, the Board approved a Policies, Procedures and Other Written Control Documents Management Procedure to ensure the Trust had a robust process for the development, approval and review of policies and control documents. The corporate governance team maintains a central Policy and Written Control Document Register. The register provides an up-to-date record of all approved organisation wide policies and control documents and is continuously updated. The register is presented annually to the Board and the relevant extracts presented biannually to the Committees.

82   All policies and procedures that have passed their review date, or 'under review' are risk assessed by the named lead for the policy. The outcome of these assessments is shared with the appropriate approving committee to inform them of risks and timescales for revising and updating the policies and control documents.

83   The Internal Auditors found the Trust's arrangements for managing policies and procedures to be reasonable. The Trust took prompt action to address the small number of recommendations and is making good progress to complete them.

84   The Audit and Corporate Governance Committee has a well-established approach for tracking progress against recommendations made by both the external and internal auditors. Progress against recommendations is considered at every meeting with the pace of progress often challenged. At times, the Committee invites officers to prepare and present more detailed reports when action to address the recommendations is taking longer than anticipated and where audit reports have provided limited assurance. Earlier this year, the Committee reviewed the format, quality and timeliness of information presented in the tracking log to assess whether it enabled effective scrutiny and challenge. A cover report now accompanies the tracking logs to highlight significant changes or decisions that the Committee is asked to make (eg extending deadlines or closing recommendations because actions are complete) as well as a simple dashboard to see easily movement against deadlines for action.

85   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. Participating bodies submitted data to the NFI data matching exercise in the October 2016 and the outcomes released to participating bodies in January 2017.

86   The Trust is a mandatory participant in the NFI. In January 2017, it received 1,819 data-matches through the NFI web application. Data-matches highlight anomalies which when reviewed can help to identify fraud and error. Whilst we would not expect the organisation 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 for early review. The Trust received 121 recommended matches. The NFI web-application, which records the findings of the Trust's review of its data-matches shows that, the Trust did not review any of the data-matches until December. It is of significant concern that the Trust has failed to made effective use of NFI as part of its arrangements to prevent and detect fraud.

87   There were similar delays during the previous NFI data matching exercise for 2014-15 when the Trust failed to complete all reviews of the recommended data matches in a timely way. Review of the recommended data matches for accounts payable remained outstanding at March 2016. These matches had the potential to help identify duplicate payments. At that time, the Audit and Corporate Governance Committee received assurances that the outstanding data matches would be reviewed. No further updates were given to the Committee, possibly because the issue was not captured on the Committee's action log. The Trust is due to provide data for the next NFI exercise (NFI 2018/19) in October 2018. We recommend that the Trust put in place an action plan to ensure that the matches it receives from that exercise are reviewed and where necessary investigated in a timely manner.

The Trust is strengthening arrangements for information governance and information security but the time available for scrutiny appears limited and the role of Data Protection Officer under the General Data Protection Regulations is not set out in the new policy

The introduction of the General Data Protection Regulations provided the impetus to revise information governance policies and procedures but the mandated role of Data Protection Officer has yet to be described

88   The Trust reviewed and rewrote the Information Governance Policy in preparation for the introduction of the EU General Data Protection Regulations (GDPR), which take effect from May 2018. The Quality, Safety and Improvement Committee approved the policy in August 2017 and plans are in place to assess its effectiveness at the end of the financial year.

89   The Information Governance Policy covers a broad range of elements, such as records management, data and information quality and the storage of sensitive information, some of which are currently covered by separate policies and procedures. Many of these policies and procedures are subject to ongoing revision to ensure the Information Governance Policy is appropriately streamlined and underpinned by the right procedures to support the GDPR. To that end, consultation was underway with relevant staff on a number of procedures, such as the use of Cloud services or Privacy Impact Assessment, while those for the release of information, records management and retention schedules were scheduled to follow. Many of these actions will address the current gaps in the information governance arrangements identified by the Trust.

90   Roles and responsibilities for information governance are set out in the Information Governance Policy. The Executive Director for Quality, Nursing and Allied Healthcare Professionals has been designated the Senior Information Risk Owner (SIRO) with responsibility for ensuring organisational information risk is properly identified and, managed and that appropriate assurance mechanisms exist. The Executive Director of Public Health Services and Medical Director is the Caldicott Guardian with strategic responsibility for protecting the confidentiality of service-user information and enabling appropriate information sharing. Appropriate arrangements for delegation are in place in the event that either the SIRO or Caldicott Guardian are unavailable. The SIRO and Caldicott Guardian and those delegated responsibility in their absence receive annual training as a requirement for the role.

91   The GDPR mandates the role of Data Protection Officer. This role is responsible for providing advice on compliance obligations under the GDPR and when privacy impact assessment is required and for monitoring compliance. The Corporate Risk Register shows that the Executive team agreed the Data Protection Officer designation. However, the role of the Data Protection Officer, and where it sits within governance structures, is the only role not described in the new Information Governance Policy.

Compliance with information governance training is improving but remains below historical levels

92   The information governance training package was refreshed earlier this year and work to incorporate information about the Information Governance Policy and the associated procedures is underway. All staff must complete basic information governance training every two years and additional training is available depending upon an individual's responsibility for handing information. New starters to the

Trust receive a leaflet about information governance setting out the things they need to know to enable them to start their job and handle information appropriately until such time as they complete the formal e-learning programme.

93   During 2017, compliance with information governance training has fluctuated between 77% and 82% against the 95% target. We last reported on compliance with information governance training as part of our structured assessment work in 2014, at which time compliance was higher at 87%.

94   The Trust has invested in additional capacity to support risk and information governance and a third Risk and Information Governance Manager recently took up post. The Risk and Information Governance Managers provide specialist advice to staff on data protection legislation; manage the draft Information Asset Register; deal with Subject Access Requests and develop and deliver training on information governance related topics. These managers are being trained to certificate level in both data protection and Freedom of Information.

The Trust's self-assessment of information governance arrangements shows substantial improvement over seven years but some information is not up to date, while work to develop the Information Asset Register is nearly complete

95   NHS organisations must annually assess compliance with the Caldicott Principles for ensuring that patient identifiable information is protected and only used when it is appropriate to do so, as well as implementing a plan of action for improvement. The Trust's self-assessment using the Caldicott Principles into Practice (C-PIP) toolkit shows substantial improvement since the first assessment in 2010. At that time, the C-PIP score was 47%, providing an insufficient level of assurance. The Trust's C-PIP score in 2017 was 94%, an excellent level of assurance.

96   The Trust's C-PIP assessment is scrutinised by the NHS Wales Informatics Service (NWIS) to provide independent review and assurance that the self-assessment score is an accurate reflection of the Trust's information governance arrangements. It is important that the Trust's C-PIP assessment is robust because it accompanies all applications to the Confidentiality Advisory Group (CAG) of the Health Research Authority for approval to use patient identifiable information without consent, under Section 251 of the NHS Act 2006, which the Trust needs to compile the Cancer Registry.

97   Our review of the Trust's C-PIP assessment indicates that the information provided against some standards could have given a more accurate picture. For example, the C-PIP assessment indicates that there is an approved Records Management Policy and that the policy is under review. In fact, the review of the Records Management Policy was one year overdue. However, this information was not recorded nor information that the Trust had risk assessed the policy as set out in the Policies, Procedures and Other Written Control Documents Management Procedure and found the risk to be low. The Records Management Policy will eventually be incorporated in the Information Governance Policy with separate procedures developed as part of the Trust's information management system.

98   It is important that the Trust understands what information it holds in order to protect it and to exploit its potential. Mapping information flows helps organisations to identify and record the risks in the transfer and storage of person identifiable information or sensitive information. The C-PIP toolkit asks whether information flows have been comprehensively mapped and information asset owners identified. In 2015, we reported that work to map information flows was ongoing while work to map

information assets to ensure compliance with the 'Reuse of Public Information Regulations' was also underway.

99   The Trust's most recent C-PIP assessment shows that not all information flows have been mapped but work is nearly complete with key information assets from each directorate being identified and data protection impact assessments carried out for each asset. The Information Asset Register, a list of information assets and the risks to them, as well as the owner, is nearly complete and will be presented to the Quality, Safety and Improvement Committee in due course. The Information Asset Register will help the Trust demonstrate compliance with both the Reuse of Public Information Regulations and GDPR. The Information Governance Policy sets out clearly roles and responsibilities for managing the Trust's information assets.

100   In 2015, we made one recommendations related to information flows. Exhibit 5 describes the progress made.

Exhibit 5: progress on 2014 information governance recommendations

Recommendation	Description of progress
The Trust has been mapping information flows in relation to person-identifiable information for the last couple of years but the Trust's most recent (2014) self-assessment against the Caldicott principles found that not all information flows have been mapped. The Trust should move to conclude this work by the end of March 2015.	**Recommendation nearly complete** There has made slow progress until recently in mapping information flows and identifying information assets required for data protection. The Information Asset Register was considered by the Executive team at its business meeting in November 2017. The Information Asset Register will be presented to the Quality, Safety and Improvement Committee at its first meeting in 2018.

An Information Security Policy is now in place

101   Over the last few years, we have reported on the Trust's lack of progress in revising the organisation's information security policy. Until now, the Trust had relied on a legacy policy while waiting for the all Wales policy to be developed and released. In 2017, the Trust finally revised and updated its Information Security Policy. Chair's action was taken to approve the policy outside committee with ratification of the decision expected at the November meeting of the Quality, Safety and Improvement Committee. In the event that the all Wales information security is published, the Trust plans to compare both policies to ensure consistency and identify possible omissions.

102   The Deputy Chief Executive/Director Finance and Operations and the Executive Director of Quality, Nursing and Allied Health Professionals are jointly accountable for ensuring cyber-security arrangements are in places. The Chief Risk Officer has overall responsibility for the Information Security Policy with specific responsibility for managing the people and management processes. The Head of Informatics is responsible for managing the physical and technical aspects of security.

103   The Information Security Policy was revised jointly by the Chief Risk Officer and Head of Informatics in recognition of the interrelationship between the two disciplines. The Information Security Policy will be

underpinned by a number of organisation-wide policies and procedures and guidance, many of which will subject to review and revisions.

104　Information security risks are managed within the overall Risk Management Policy and the management of information incidents is currently under review. The Chief Risk Officer and Head of Informatics continue to work together to ensure that all information risks are appropriately managed and that none fall between the two disciplines. Monthly meetings are held specifically to discuss and address cyber security issues.

105　Trust is currently awaiting the findings from a review of cyber security by its Internal Auditors, while an all Wales assessment of cyber security in NHS bodies is expected later this year. The Trust will need to ensure that policies and procedures are revised if required in light of the findings from these reviews and that there are sufficient resources to deal with any concerns that might be raised. In the meantime, the Trust is extending cyber defences, progressing tests of the cyber defences already in place and where required organising annual penetration tests of its internet facing applications. In addition, the Trust has an IT disaster recovery plan, which includes backup and resilience schedules to ensure that data and information are regularly backed up and recoverable as part of wider business continuity arrangements.

106　Staff training on information security is covered on information governance and is reinforced by both the Risk and Information Governance and Informatics teams. The Chief Risk Officer and Head of Informatics are working together to raise awareness of cyber security as part of wide information governance issues.

107　In 2014, we made one recommendation related to information security, which the Trust has now addressed. Exhibit 6 describes the progress made.

Exhibit 6: progress on 2014 information governance recommendation

Recommendation	Description of progress
The anticipated development of an all-Wales IT security policy has not happened and the Trust's policy is five years old. The Trust should assess whether this policy is still fit for purpose and, if not, either update and revise it or develop a new information security policy immediately.	**Recommendation complete** The draft Information Security Policy was approved by the Executive team following consultation with staff and stakeholders. Chair's action was taken to approve the policy outside Committee in line with the Trust's Standing Orders.

Arrangements for the oversight of information governance are in place both strategically and operationally but the time allocated for scrutiny appears limited

108　Arrangements for the oversight of information governance are in place both strategically and operationally. The Trust has a well-established Information Governance Woking Group that is chaired by the SIRO. The group comprises the Chief Risk Officer, the Caldicott Guardian, the Risk and Information Governance Managers, Head of Informatics and a representative from each directorate. The group provides advice and assurance to the Executive team on information governance matters. Its broad remit is set out in Information Governance Policy and includes reviewing performance

against four key performance indicators, such as compliance with mandatory training, and the organisation-wide information governance and IT risk register.

109 Information governance and IT risks are escalated and de-escalated in line with the Trust's risk management policy and procedures. For example, the risk of failing to implement all GDPR requirements by May 2018 appears on both the Corporate Risk Register and the Information Governance Risk Register. All information governance and IT risks have assigned owners and action plans for mitigation and the risk register is presented to both the Executive team and Quality, Safety and Improvement Committee on a quarterly basis.

110 In June 2016, the Board approved the dissolution of the Information Governance Committee and its remit passed to the Quality, Safety and Improvement Committee. The Committee agreed what information governance papers it would regularly receive, namely the Information Governance Performance Report that includes the risk register and the update on progress against the high-level GDPR action plan based on the Information Commissioner's Office GDPR checklist[1], while the C-PIP self-assessment is received by exception.

111 The time allocated to scrutiny of information governance issues by the Quality, Safety and Improvement Committee has reduced. An analysis of meeting agendas between October 2016 and August 2017 show that approximately 13% of the time available (excluding time for the service user/staff story) was allocated to information governance. Prior to its dissolution, the Information Governance Committee spent between 75 and 90 minutes on committee business compared with the average time (17 minutes) spent by the Quality, Safety and Improvement Committee. When the Quality, Safety and Improvement Committee was given responsibility for information governance, it intended assessing whether its workload remained manageable. The Trust has indicated that the Quality, Safety and Improvement Committee's recent self-assessment found that oversight of information governance had improved alongside improvements in the level of detail and quality of information received.

Performance reporting is improving but not all parts of the Trust's business is subject to Board scrutiny and reporting against the operational plan is infrequent

Performance reporting is largely satisfactory but the full breadth of the Trust's work is not captured within the Delivery Framework, and reporting against the operational plan is infrequent

112 Arrangements for performance monitoring and reporting on key service, quality and resource indicators are clearly set out in the Trust's integrated medium-term plan. Over the last three years, the number of performance indicators within the Delivery Framework (and performance trajectories) has increased as the Trust refines service specific indicators, such as those for the Abdominal Aorta Aneurysm screening service and the inclusion of NHS Wales' delivery measures.

113 Performance reports draw the Board's attention to key issues of under-performance. The dashboards show performance against planned trajectories and indicators are rated using the RAG (red, amber, green) system to denote variance against target. Trend data show performance over the preceding 12

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[1] Information Commissioner's Office, 2017, **Preparing for the General Data Protection Regulation (GDPR): 12 steps to take now**

months with a summary of performance and the action being taken to address areas of underperformance.

114 However, the Delivery Framework does not yet include performance measures on important elements of the Trust's business, such as health intelligence, national health improvement programmes like the first 1000 days, NHS Quality Improvement/1000 Lives and Policy, Research and International Development. This means performance of some divisions or directorates may not be subject to the same level of scrutiny by the Board or its Committees. One of the operational plan actions for delivery by the end of March 2018 is to review and implement revised directorate performance indicators, which might address this omission. In August 2017, the Committee received a short report on progress by the 1000 Lives Improvement Programme Service to measure its activities and their impact. The Quality, Safety and Improvement Committee did request a report on the Trust's Research and Development (R&D) programme and in May 2017, it received the first annual R&D report setting out the R&D governance arrangements and a comprehensive account of current research activity. The Committee asked that future reports include impact measures to demonstrate quality and reach of R&D activities. In January 2018, the performance report presented to the Board included, for the first time, performance against key performance indicators set by the Welsh Government's R&D Division.

115 Over the last couple of years, we have been critical about the lack of information reported to the Board in relation to the achievement of the milestones set out in the integrated medium-term plan and progress in delivering the annual operational plan. The NHS Planning Guidance for 2017-2020[2] indicated that boards should receive an overall assessment of progress against the integrated medium-term plan in public session at least bi-annually. Overall progress has yet to be reported publically to the Board. Like last year, the integrated medium-term plan provides an overview of key achievements against strategic priorities during 2016-17 but it is still difficult to link achievements to the specific objectives and milestones.

116 The Delivery Framework includes an indicator to report quarterly on progress against the annual operational plan using the RAG system. The Trust reported on progress against the multiple actions set out in 2016 operational plan for the first and only time in January 2017 by indicating the number of completed actions. Reasons for delays were set out in a detailed exception report for actions coded 'red', namely actions that were incomplete or behind schedule and those that would not be completed within agreed timescales. Progress against the 2017 operational plan has been reported twice, in July 2017 and January 2018, using the same approach.

117 Arrangements are in place to ensure delivery of the integrated medium-term plan and annual operational plan. Responsibility remains with divisional directors and other senior managers, who are held to account by the team of executive directors through regular performance review meetings. The executive team review performance at a dedicated monthly meeting while directorates and divisions also review performance and progress against the annual operational plan on a monthly meeting.

118 Oversight and scrutiny of organisational performance sits with the Board. There were attempts to delegate oversight and scrutiny to the People and Organisational Development Committee for the strategic priority 'developing the organisation'. At its February 2017 meeting, the Committee received an update on progress against the actions which cover workforce, informatics and financial management to name a few. Progress against actions was reported using the RAG rating system

[2] Welsh Health Circular (2016), NHS Planning Framework 2017/20, 2016/044

described above but omitted any exception report. The Committee sought clarification about why it received the report given many actions relate to wider organisational functions, and the action it was expected to take. It was agreed, subsequently, that the Executive team and senior leadership team would retain responsibility for oversight of performance management as set out in the integrated medium-term plan.

119 The Trust is committed to developing an integrated performance report and as a first step, it brought together all performance reports into one document in November. For the first time, the performance report includes sections on quality and impact, people and organisational development and indicative progress against the organisation's wellbeing objectives. The sections on quality and impact and people and organisational development provide information not usually reported through the Delivery Framework. Some aspects, such as the management of complaints, incidents and claims and the people and organisational dashboard, are subject to regular scrutiny by Board committees.

120 The quality and impact section provides a summary of a broad range of quality assurance mechanisms including:

- progress against the Trust's Health and Care Standards Improvement Plan in terms of actions completed but it is unclear what actions remain outstanding, to which standards they apply and the urgency with which they should be addressed;

- a summary of reports related to quality by Internal Audit and Healthcare Inspectorate Wales and the progress made to address recommendations; and

- a high-level summary of service user experience.

121 In the meantime, work is ongoing to develop quality and impact indicators for all aspects of the organisation's work and functions as part of implementing the Quality and Impact Framework. The implementation plan indicates that the quality and impact indicators should be ready for the start of 2018-19. Going forward, these indicators will be monitored and reported on a quarterly basis as part of the Trust's performance reporting arrangements.

Service user stories are becoming a regular feature of board meetings and the summary of service user experience was recently published

122 Over the last few years, we have reported on the continuous improvements made by the Trust to its arrangements for seeking and sharing service user experience, including establishing the Service User Experience and Learning Panel and the appointment of a dedicated lead for service user experience in 2015. Service user and staff stories have been a regular agenda item for meetings of the Quality, Safety and Improvement Committee and the Service User Experience and Learning Panel since 2014 with staff stories also a regular agenda item for meetings of the People and Organisational Development Committee.

123 Meanwhile, work begun last year to bring service user stories to the Board is now complete. At its March meeting, the Board agreed a more structured approach for identifying stories that reflect the diversity of the Trust's work with service users, local communities and whole populations. The Board also agreed that in future all meetings would open with a service user story. The Trust is working with directorates to identify and build a repository of stories, both positive and negative. The aim is to use the stories at all levels of the organisation, as well as the Board, to inform learning and improvements linked to strategic priorities or topics of discussion.

124   In November, the Trust presented its first Summary of Experience report to the Quality, Safety and Improvement Committee for consideration. The summary sets out findings from the three core questions drawn from the Welsh Government's Framework for Assuring Service User Experience, which the Trust agreed provided a consistent approach for gathering feedback from the diverse service users. Not all areas or functions of the Trust are reflected in the summary. The summary also includes information on the number of complaints received and examples of action taken to address them, compliments received; and the number and range of engagement activities undertaken that involved both the public and wider stakeholders. A succinct summary of information was also included for the first time in the performance report for the November board meeting.

125   In 2016, we found that the Trust had yet to decide which management group would maintain oversight of progress against recommendations related to its retrospective audit of lessons learned from concerns and claims. Exhibit 7 describes the progress the Trust made to address this action.

Exhibit 7: progress on 2016 assurance framework recommendation

2016 recommendation	Description of progress
The Trust should agree which management group will maintain oversight of the recommended actions arising from the 'Review of Lessons Learnt from Incidents, Concerns and Claims' until all actions are addressed and changes have been sustained.	**Recommendation addressed** The Service User Experience and Learning Panel provides oversight of progress against the actions arising from the review of lessons learned and exception reports are shared with the Executive team. At the June 2017 meeting of the Service User Experience and Learning Panel, it was agreed to undertake another audit in 2018 to ensure that learning is taking place and that the Datix system is being used to capture all relevant investigation information and related learning. Individual service level agreements continue to be reviewed as they come up for renewal to ensure that procedures for investigating concerns, including the need to evidence lessons learned and actions taken are set out.

The Trust has an active programme of engagement to inform its long-term strategy, is improving workforce planning and has an ambitious informatics programme to support the delivery of its integrated medium-term plan but some key arrangements have yet to be agreed and implemented

126 Our structured assessment work in 2017 examined other enablers of the efficient, effective and economical use of resources, in particular those for workforce planning and management, stakeholder engagement and ICT and use of technology. Our findings are set out below.

The Trust is working to improve workforce planning while changes to the people and organisational dashboard dashboard are helping to improve scrutiny

127 The Trust's integrated medium-term plan sets out its ambition for developing a long-term workforce strategy to address the shape and size of the public health workforce needed over the next ten years. At the same time, the Trust is working to strengthen arrangements for developing workforce plans at a divisional and directorate level. In 2016, the Internal Auditors found that the Trust's arrangements for developing workforce plans provided limited assurance because some plans were incomplete and there was variation in the content and quality of information. Future workforce requirements based on workforce demographics or population need were not always evident and not all plans were clearly aligned to strategic priorities and objectives set out in the integrated medium-term plan. The Internal Auditor's follow-up work in 2017 found that the Trust had made reasonable progress against the 11 recommendations with five fully actioned. The Trust's workforce plan template is utilised but inconsistencies in the way it is completed remain, for example, some plans fail to show workforce alignment to strategic priorities and objectives. More detailed analysis of workforce information is included but there is ongoing work to refine future requirements based on the workforce demographics, population need and engagement with staff and stakeholders.

128 The Trust implemented a new appraisal and performance and development review process called 'My Contribution' in 2016. 'My Contribution' applies to all staff, except medical and dental staff registered with the General Medical Council or General Dental Council who take part in a separate appraisal process. The first full cycle of the 'My Contribution' process concluded at the end of March 2017. The NHS Wales staff survey conducted in 2016 found that 71% of Trust staff reported having had a performance appraisal in the last 12 months. Although compliance is up from 54% in 2013, it still falls short of the 85% target for NHS Wales while compliance with medical/dental appraisal and revalidation is 100%.

129 The Trust anticipates that the appraisal functionality within the Electronic Staff Record will be enabled in 2018-19 eliminating the need for manual exercises. This should enable more efficient and effective monitoring of compliance and targeting action where it is most needed. Our audit work with local public health teams found that staff were positive about 'My Contribution' and were engaging with the

process. However, personal objectives or individual development plans were not shared with the Trust, which makes it difficult to form an objective view of the training and development needs of staff for career progression and to address gaps in capacity and capability.

130   The Trust has made great strides to improve the quality and format of workforce information presented to the People and Organisation Development Committee, which is helping to improve the level of scrutiny and assurance. The people and organisational development dashboard provides a broad range of metrics, including compliance with appraisals and statutory and mandatory training, staff turnover, time to recruit and sickness absence, as well as a breakdown of staff numbers, and gender, disability and ethnicity diversity. The dashboard also provides a summary of performance and the actions that the Trust is taking to improve performance.

131   Compliance with the ten statutory and mandatory training courses is improving slowly; at the end of November it was 82% against the Trust target of 95%. The Trust is confident that compliance will reach 85%, the NHS Wales target, by the end of March 2018. Staff now have to access to the Electronic Staff Record self-service function, and information on training compliance is presented to staff with when they log on to the system. The Trust anticipates that this increased visibility will prompt staff to complete the required training. In the meantime, Executive Directors are responsible for ensuring their staff achieve compliance.

132   Data from health bodies' financial monitoring returns to Welsh Government indicate that the Trust spends less on agency staff (medical and non-medical) as a proportion of total spend than most other NHS bodies in Wales. In 2016-17, 1.5% of the Trust's expenditure was on agency staff compared with 4.7% across Wales (ranging from 0.9% to 10.1%). The Trust's expenditure on agency staff increased three-fold between 2013-14 and 2016-17 from £423,000 to £1.1 million. Cumulative expenditure on agency pay was £1.06 million at month 7 for 2017-18, primarily as a result of difficulties in recruiting staff to consultant microbiology posts. In October 2017, the Welsh Government issued a Circular[3] setting out a new control framework and schedule of action to ensure NHS Wales reduces expenditure on agency and locum medical/dental staff. In response to the Circular, the Trust submitted its implementation plan to Welsh Government, approved through Chair's action as set out in the Trust's Standing Orders. The Trust has taken the necessary action to strengthen processes for the agreement of agency and locum expenditure and the arrangements for oversight and scrutiny by the Board.

133   Data also show that the Trust performs comparatively well on sickness absence levels than other health bodies. In 2016-17, the Trust's sickness absence was 3.4% compared with the Wales average of 5.2% (range 3.4% to 7.1%). While sickness absence rates are lower than the NHS Wales average, the Trust is not quite meeting the organisational target of 3.25%. The Trust has developed and put in place an organisation wide action plan to improve sickness absence and continues to undertake a programme of sickness absence audits, which it began several years ago. Reasons for sickness absence are also monitored and reported to the People and Organisational Development Committee with the most common reason recorded as 'anxiety/stress/depression/other psychiatric illnesses'.

134   During 2016-17, the 12 month rolling average for staff turnover ranged from 7.9% at the Welsh Ambulance Services NHS Trust to 12.8% at Velindre NHS Trust. At the Public Health Wales, staff turnover was the second highest amongst NHS bodies in Wales at 11.9%, higher than the 10%

[3] Welsh Health Circular (2017), **Addressing the impact of NHW Wales Medical and Dental Agency and Locum deployment in Wales**, 2017/42

organisational target. The Trust is working to improve its understanding of staff turnover by capturing and analysing information on the reasons for leaving, the destination of leavers and the length of service of those leaving. Meanwhile, the time taken to recruit staff[4] to Welsh NHS bodies ranged from 54.2 days to 74.7 days during 2016-17. The figure for the Trust was 64.7 days, which is a big improvement since 2013-14 at which time it took on average 97.1 days to recruit staff. Data presented in the most recent People and Organisational Development dashboard shows that time to recruit continues to improve and in August 2017 stood at 39 days.

The Trust has an active programme of engagement to inform development of its long-term strategy and it remains committed to improving engagement with service users and communities

135   Stakeholder engagement and partnership working are key in helping the Trust deliver its strategic priorities and objectives. Work on the Trust's long-term strategy began at the end of 2016 by identifying the key internal and external stakeholders with whom engagement is an important part of the process to help shape and inform its strategy. A programme of engagement activities was developed for both external and internal stakeholders.

136   Face-to-face and telephone interviews took place between individual Executive Directors and individual stakeholders within Welsh Government and the wider community, as well NHS Chief Executives and Directors of Public Health. The interviews sought answers to six high-level questions about the main function of the Trust, the role it should play within the public health system, the public health priorities that it should address and what it should or should not do or what it could do differently. The Trust found that through this engagement that there is a lack of understanding about its role. Nonetheless, many stakeholders want to be involved with the Trust even after the long-term strategy has been developed.

137   The Trust has also attended NHS peer group meetings to raise awareness of the process for developing its long-term strategy with the level of engagement determined by the time available for interaction. The Trust invited NHS peer group members to respond to the same six high-level questions asked of other stakeholders through an online survey.

138   To engage staff in the strategy development process, the Trust held focus groups, drop-in and 'lunch and learn' sessions. Approximately 10% of staff from across all divisions and levels of seniority took part in the events. The Trust acknowledges that this is a relatively small proportion of its staff although the events were seen as enabling more meaningful conversations than was possible in the past. In addition, the Trust has developed web pages to raise awareness amongst staff, explain how staff can get involved and to provide a link to an online survey to enable feedback.

139   As part of the strategy development process, the Trust also conducted an on-line survey – Staying Well in Wales – to find out what the public think will help everyone live 'healthier, happier and longer lives'. The survey was conducted between September and October and emerging findings were shared with board members at a board development session held in November.

[4] Time to recruit is measured from the time the advert is placed until all pre-employment checks are complete and since April 2016, the measures also includes the issue of an unconditional offer letter.

140   The information from these engagement events is helping to shape discussions on the long-term strategy by both the Board and the senior leadership team.

141   The Trust commissioned a review of its arrangements for engaging with service users and the public in 2016. The review found a lack of clarity, consistency and cohesiveness in relation to engagement practice and that this lack of clarity was affecting the effectiveness and efficiency of engagement with individuals and communities. The report made a number of recommendations with many being addressed as part of the Trust's integrated medium-term plan and annual operational plan. The executive team agreed to take forward work on three inter-linked areas for improvement, namely to develop an engagement approach, to examine the feasibility and applicability of client relationship management system and to identify an effective approach to deploying collective resources used for engagement activity.

142   Like all NHS bodies, the Trust needs to engage the public in how it plans and delivers its services, programmes and functions, as well as supporting individuals and communities to improve their own health and wellbeing. In November 2017, the Board received a paper setting out the Trust's overarching approach for engagement, which was developed by staff from across the organisation. The paper sets out the main reasons for engagement activities and the core steps to take when planning effective engagement. Other factors to be considered as part of engagement include the need for pan-Wales representation, whether engagement activity can be sustained and the need to demonstrate the impact of engagement work and ensuring no unintentional harm is caused to individuals or communities.

143   There is still work to do to provide additional tools or guidance on the different types of engagement activity and to identify the skills needed when carrying out the range of engagement activities. Given the links with the Trust's Quality and Impact Framework, it is proposed that the Quality, Safety and Improvement Committee assume responsibility for scrutiny and oversight of the engagement approach.

144   Meanwhile, the Trust's service user lead works tirelessly with third sector organisations, ensuring the annual general meetings are well attended by individuals and third sector organisations from the local community. Local communities continue to contribute to the development of the Annual Quality Statement. A Carmarthenshire community group helped to design the art work and to highlight the negative and positive factors affecting a community's health and wellbeing, while a group of young people helped to develop the Annual Quality Statement for young people.

There is ambitious programme of informatics developments planned to support delivery of the integrated medium-term plan but the digital strategy and programme management arrangements have yet to be approved and implemented

145   'Informed Health and Care: a digital health and social care strategy for Wales' was published by the Welsh Government in December 2015. The strategy is the Welsh Government's five-year vision for the use of digital technology within both the NHS and social services in Wales. To support the national vision for a digitally enabled NHS, all NHS bodies were expected to develop a strategic outline

programme (SOP)[5], led by a named board-level executive and a clinical lead with accountability for delivery and approved by the Board. The SOPs had to set out a five-year view of investment requirements for technology and digitally-enabled service change in both revenue and capital terms, which would help to establish resource requirements for consideration within the all Wales capital programme process.

146   The Trust developed its SOP for 2017-2021, which it submitted to Welsh Government. The indicative capital and revenue requirements to deliver and transform digital and informatics services set out in the SOP total £16.8 million. However, there is no evidence that the SOP was approved by the Board before submission to Welsh Government. The capital and revenue funding required across NHS Wales has not been fully provided, which means the Trust will need to prioritise the proposed programme of work set out in the SOP. The information governance and IT risk register includes the risks of not being able to deliver the developments and priorities set out in the SOP and draft digital strategy but there are gaps in the actions for mitigation.

147   The Trust's ambition is to provide first-class informatics systems and services to its staff and to support them in delivering world-class services to improve the health and well-being of the people of Wales. The core delivery areas set out in the SOP are reflected in the Trust's integrated medium-term plan and its draft digital strategy. Work on the digital strategy began in 2016. However, there have been delays in finalising the strategy while the informatics team concentrated on the move to 2 Capital Quarter in autumn 2016. Work is now underway to seek board member's views on the digital strategy so that it can be finalised and board approval sought.

148   Delays in finalising the digital strategy were also attributed to the reorganisation of informatics teams to provide a single integrated service. Restructuring of the Trust's informatics service was completed in early 2017. It is now organised into three distinct sectors with three sector leads managed by the Head of Informatics. The three sectors are: informatics and data services; IT operations; and systems development. Prior to restructuring, there were two informatics teams that supported different parts of the Trust's business and functions.

149   The Deputy Chief Executive/Executive Director of Operations and Finance provides the executive level leadership and management oversight of informatics but a clinical lead has yet to be identified. The SOP indicates that governance arrangements need to be established for agreeing and prioritising informatics developments and services and to provide oversight of delivery, as well as specific responsibilities for assessing the implications for cyber-security on IM&T developments. A Digital Transformation Board led by a clinical informaticist is proposed; at this time however, there are no definitive timescales or agreed set of actions to take forward this proposal.

150   We have noted that two recommendations from our previous review of the Trust's IT capacity and infrastructure are no longer tracked by the Audit and Corporate Governance Committee, with action to address recommendations judged to be complete. Closure of these recommendations was predicated on implementation of the Trust's digital strategy but given that the strategy has yet to be finalised, the decision to mark these recommendations as complete seems premature. Nonetheless, the need to develop effective IT training services and the need for a clinical informaticist, which were the basis of our recommendations, are reflected in the SOP and integrated medium-term plan.

[5] Welsh Government, NHS Wales Planning Framework 2017/20, October 2016

151   Our review of the Trust's IT capacity and infrastructure in 2015 also recommended that the Trust address the negative perceptions of staff in relation to reliability and ease of use of clinical systems. Negative perceptions were seen to be largely due to the multiplicity of technical support services prior to the move to 2 Capital Quarter. The move to offices at 2 Capital Quarter led to a rationalisation in the number of providers of IT support, from five to two. The Trust's informatics team and NWIS are now the only providers of IT support. The informatics team reports receiving compliments for the support it provides, which it attributes to the move to Capital Quarter and the reduction in the number of support providers. However, the team has yet to start seeking user feedback in a systematic way, while feedback about specific systems, such as the mobile management system AirWatch, is reportedly positive.

152   IT service desk performance statistics are captured daily and weekly, including information on Telephone, Email and Service point responses to queries. There is currently no formal mechanism to review performance of the informatics service with performance issues discussed by the Head of Informatics and the Deputy Chief Executive/Executive Director of Operations and Finance.

Appendix 1

The Trust's management response to 2017 structured assessment recommendations

Exhibit 8: 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 Board finance reports omit information on whether re-investment priorities funded by efficiency savings identified in the budget strategy have been successfully delivered. The Trust should therefore include information on the performance of re-investment plans funded through efficiency savings within its finance reports to Board.	The Board can effectively scrutinise progress against re-investment plans. The Board can take assurance that re-investment plans funded by savings have been successful.	No	Yes	To be included from Month 6 onwards as investment is made.	31/10/18	Deputy Director and Head of Finance

Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R2 The Trust is a mandatory participant of the National Fraud Initiative (NFI) data matching exercise but it has not made effective use of the data matches provided for 2016-17. The 2018-19 NFI data matching exercise begins in October 2018 at which time the Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed and where necessary investigated in a timely manner.	Potential fraud is detected. Duplicate payments and overpayments are identified and recouped.	No	Yes	Status update in respect of current review: • There were 118 creditor matches recommended for review. • 95 have been checked and there were no issues. • 8 had issues, but these had previously been picked up through other checks. • 15 are left to review – These are mostly duplicate transactions from the Oracle upgrade a few years ago (R11 to R12). It would appear that the duplicates are just from the way that the data was extracted, rather than actual duplicate payments. These are taking longer to work through. • 0 new issues have been identified during the process. For 2018-19 NFI data matching exercise an action plan will be put in place for the review to be completed and investigated in a timely manner.	31/03/18 31/01/19	Deputy Director and Head of Finance

Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R3 The EU General Data Protection Regulations (GDPR), which take effect from 18 May 2018, mandate the role of Data Protection Officer. However, the role of the Data Protection Officer, and where it sits within the Trust's governance structures, is not described in the Trust's new Information Governance Policy. The Trust should clearly set out the role and responsibilities of the Data Protection Officer and lines of accountability associated with the role.	There is clarity about the role and responsibilities of accountability of the Data Protection Officer under the GDPR and their lines of accountability.	Yes	Yes	This is being discussed at the IG Management Advisory Group (IGMAG) at the beginning of March 2018 with a view to obtaining a consistent approach. The amended policy will be updated by end of March 2018 and subsequently submitted for approval as soon possible.	Policy will be amended by end of March 2018 with a view to obtaining approval by end of June 2018.	Chief Risk Officer

Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R4 The Internal Audit Service completed an audit of the Trust's cyber security arrangements at the same time as the Trust was developing the new Information Security Policy and supporting procedures. The Trust should compare the Internal Auditors' findings with the new policy and supporting procedures to ensure there are no gaps.	The Information Security Policy and Procedures are as up to date as possible.	Yes	Yes	Completed and no gaps identified.	n/a	Chief Risk Officer and Head of IM&T
R5 The Delivery Framework does not cover the full breadth of the Trust's business. The Trust should therefore agree realistic measures for those parts of the business not currently covered by the Delivery Framework, such as NHS Quality Improvement/1000 Lives, health intelligence and national health improvement programmes like the 'first 1000 days', to enable Board scrutiny, and to report on them accordingly.	Gaps in the Delivery Framework are fully mapped. Quantitative or qualitative measures are developed and included in the Delivery Framework. The Board can provide effective scrutiny and take assurance on all parts of the Trust's business.	Yes	Yes	As part of the development of the new Strategy the planning for delivery is based upon setting out clear products which can be measured. This consistent approach will ensure that performance across all areas of the organisation are reported to the Board.	30/6/18	Deputy CEO, Head of Strategy and Planning, Performance Manager

Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Recommendation
R6 The Delivery Framework indicates that progress against the annual operational plan will be reported quarterly but was reported only twice in the public domain. Meanwhile, NHS Planning Guidance for 2017-2020 indicates that boards should receive an overall assessment of progress against the integrated medium-term plan in public session at least bi-annually. The Trust should therefore: a. clarify the frequency of reporting against the Delivery Framework; and b. prepare a report setting out the overall progress against the integrated medium-term plan milestones and the impact.	The Board can provide effective scrutiny on progress against the milestones asset out in the integrated medium-term plan and annual operational plan. The Board can take assurance that the plans have supported delivery of the Trust's strategic priorities and achieved impact.	Yes	Yes	This is happening as routine now. The Executive Team receive quarterly update, and 'deep-dive' as appropriate. The report is then made to the Board.	Complete	Deputy Chief Executive and Executive Director of Operations and Finance

Recommendation	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Recommenda tion
R7 The Trust has yet to finalise its Digital Strategy for taking forward proposals set out in the integrated medium-term plan and the Strategic Outline Programme, including putting in place the necessary governance arrangements for oversight and scrutiny. Meanwhile, recommendations from our previous audit of the Trust's IT capacity and infrastructure were judged to be complete, which may have been premature given that the strategy has yet to be finalised. The Trust should: a. move to finalise the Digital Strategy; b. identify a clinical lead for informatics developments; c. develop effective IT training services; and d. establish the proposed Digital Transformation Board and agree its terms of reference.	There is an approved Digital Strategy against which successful delivery can be assessed. Clinical staff are fully engaged in the Trust's informatics programme to support the uptake and use of new digital systems and ways of working. Staff receive appropriate training on IT systems. Governance arrangements for informatics developments are clarified and developments prioritised.	Yes	Yes	The Trust is finalising its new Strategy. It is vital that all enabling functions link with this and lead as appropriate. It was decided to place on hold existing work and we are now working through the new Strategy and its Priorities to ensure that the Digital issues are all properly represented in a new document.	30/9/18	Deputy CEO and Head of IM&T