Structured Assessment 2018 – Cwm Taf University Health Board

Contents

About this report

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

2   Our 2018 structured assessment work has included interviews with officers and Independent Members, observations at board, committee and management meetings and reviews of relevant documents, performance and financial data. We also conducted a survey of board members across all health boards and NHS trusts. Fifteen of the 22 (68%) board members invited to take part at the Health Board responded.

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

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

Background

5   Our 2017 Structured Assessment work found that the Health Board's governance arrangements and those for financial planning and management continued to operate effectively. We also identified opportunities to improve change management arrangements, progress reports against the strategic plan and ongoing issues with workforce management and implementation of the digital strategy.

6   During 2017-18, the Health Board remained on routine monitoring under the NHS Wales Escalation and Intervention Framework. It once again achieved a break-even financial position, reporting a £63,000 cumulative surplus for the years 2015-16 to 2017-18. The Health Board developed the Integrated Medium Term Plan (IMTP) for 2018-2021 within the timeframe required by the Welsh Government and it received approval from the Cabinet Secretary for Health and Social Services.

7   Over the past 12 months, there have been changes amongst the Executive team and most recently the Director of Nursing retired. The Health Board has put interim arrangements in place until a new Director of Nursing is appointed in 2019. Last year the Health Board experienced significant Independent Member turnaround similar to other Health Boards; five members left including the chair and the vice chair. The Health Board has managed this change well.

8   The most significant change to affect the Health Board this year is the Welsh Government's decision to expand the Health Board's boundaries to include the population of the Bridgend County Borough Council (BCBC) area. This means that healthcare services currently provided by Abertawe Bro Morgannwg University Health Board across the BCBC area will transfer to the Health Board from

1 April 2019. The Health Board will also need to forge new partnerships with BCBC particularly around the integration of health and social care.

9   For the purposes of this year's Structured Assessment, we did not review the Health Board's arrangements for the transfer of services and boundary changes. A Joint Transition Board has been established to manage the transfer of services between Abertawe Bro Morgannwg University Health Board and the Health Board. Membership of the Joint Transition Board includes the Chairs and Chief Executives of both the Health Board and Abertawe Bro Morgannwg University Health Board and a newly appointed programme director. Structures to support the Joint Transition Board have been established, including a Joint Transition Programme Group, which is underpinned by various workstreams. The Joint Transition Board reports to both health boards' executive teams through their respective Chief Executives and then subsequently to their respective Boards.

Main conclusion

10   This year's Structured Assessment work has demonstrated that **while the Health Board has good strategic planning and financial management arrangements, it continues to have significant workforce challenges and its quality governance arrangements require improvement**.

11   The findings which underpin these conclusions are considered in more detail in the following sections.

Governance

12   As in previous years, our Structured Assessment work examines the Health Board's governance arrangements. We comment on the way in which the Board and its sub-committees conduct their business, and the extent to which organisational structures are supporting good governance and clear accountabilities. We also looked at the information that the Board and its sub committees receive to help it oversee and challenge performance, and monitor the achievement of organisational objectives. We have drawn upon results from our survey of board members to help understand where things are working well, and where there is scope to strengthen arrangements.

13   We found that **the Board continues to operate well, however, aspects of quality governance, risk management and oversight of ICT arrangements do require improvement**.

Conducting business effectively

14   We looked at how the Board organises itself to support the effective conduct of business. We found that the Board is operating effectively, but the Quality, Safety and Risk Committee is not as effective as it could be, and there are gaps in the arrangements to oversee progress on ICT developments.

15   Sound governance arrangements are fundamental to help provide strategic direction, challenge the effectiveness of delivery and ensure that corrective actions resolve issues where they arise. The Board and committees have a good 'cycle of business' that ensures that key aspects of business are covered in the agenda. The administration of Board meetings is good, and it is clear when decisions are made and recorded. The Board and committees undertake annual self-assessments which provide opportunities to review their effectiveness. We continue to observe good levels of scrutiny and challenge with generally good responses from executive at board and committee meetings including Finance Performance and Workforce (FPW) and the Audit Committee, particular credit is given to the

work of the FPW committee into their deep dives into directorates and holding to account for performance as well as their review of the operation of directorates including scrutiny of the challenges they are facing. The Health Board operates an integrated governance committee (IGC), made up of the Chairs of all the Board's committees. The IGC maintains oversight of the work of the board sub committees. It ensures integration of the governance work to ensure that issues do not fall outside or between the work of the sub committees, minimises duplication and co-ordinating issues which need the attention of more than one of the Board's sub committees. The work of the Integrated Governance Committee is good and gives an opportunity for issues to be cross referred and discussed amongst committee chairs.

16 As part of this year's structured assessment, we asked board members about the conduct of board meetings. Our survey found that:

- 87% of board members responding felt that the agenda was a manageable length compared with 74% of board members across Wales;

- 87% of board members responding felt there was always or mostly sufficient time to consider all agenda items compared with 71% of board members across Wales; and

- 87% of board members responding felt that the agenda was always or mostly organised so that the important items appear first compared with 58% of board members across Wales.

17 Our survey sought board members' views about whether the information needed for effective oversight and scrutiny had been agreed and the level of confidence in the information they received. Most (93%) board members responding to our survey indicated that the Board had agreed the information it needed compared with 79% across Wales. Board members were generally confident in the quality and accuracy of the information received and that it was sufficient to inform decision making and to support effective scrutiny. Our observations of committee meetings show that Independent Members are confident in suggesting improvements to the presentation of information.

18 Last year we noted the challenges for the secretariat in producing committee papers one calendar week before meetings. The secretariat continues to work hard to ensure papers are available in the required timeframe. There have been examples where papers were not ready in time, but the committees have dealt with this appropriately.

19 Over the last year there has been significant turnover amongst the Health Board's Independent Member (IM) cadre with five IMs including the chair and vice chair of the Health Board coming to the end of their tenure. These were replaced by new members. The Health Board has managed this process well putting in place bespoke training and wrap around support for the new cohort of IMs who joined the Board. The findings from our board member survey show that IMs were satisfied with the training and support that they receive. In particular:

- all IMs responding were satisfied or very satisfied with the induction programme for new Board members compared with 65% of IMs across Wales;

- all IMs responding were satisfied or very satisfied with the training and support provided to them to discharge their responsibilities compared with 83% of IMs across Wales; and

- all IMs responding were satisfied or very satisfied with the programme of board development to support effective board working compared with 85% of IMs across Wales.

20 Board member walkabouts and ward visits have been in abeyance recently due to board level turnover, and the framework supporting these visits needs to be updated to reflect the recent IM

changes. All IMs responding to our survey were satisfied or very satisfied with the opportunities to meet staff and visit wards compared with 65% of IMs across Wales.

21   The Quality, Safety and Risk (QSR) Committee uses patient stories and this year has looked at three patient stories in relation to A&E and community pharmacy as well as clinical ethics. The Health Board provides support for patients to tell their story. However, papers presented to the QSR Committee are not yet succinct and meeting agendas are not prioritised. We are aware that the Health Board is also undertaking a review of the sub committees reporting into the QSR committee as this is an area that requires improvement. This year we also identified the following issues:

- during 2017-18, the QSR Committee approved 41 policies. Given the busy agenda it would be better to map policy renewals to assess whether some policies could be approved by an alternative committee or group, leaving valuable time for scrutiny.

- due to the IM tenure ending the committee had a vacancy for one IM on the committee for a significant part of the year.

- the information presented to the QSR Committee does not always highlight areas of concern at the front of reports and instead relies on the reader finding it within the report. There is little information on the remedial actions to address poor performance, and lessons learned could be better highlighted.

22   Last year the Health Board developed its Digital Health Strategy and it established the Digital Health Strategy Steering Group to oversee delivery of the strategy. The steering group's terms of reference state that it will align and work closely with the work of the Information Governance Group and provide regular assurance reports to the QSR Committee. Our review of the QSR Committee papers found no evidence that the Committee has received assurance reports from the steering group. Consequently, it is unclear how the Board receives assurance on progress with implementation of the Digital Health Strategy.

23   The Scheme of Delegation, Standing Orders and Standing Financial Instructions are up to date and reviewed regularly. However, the Health Board needs to update their Scheme of Delegation to reflect the requirements of the Nurse Staffing Levels (Wales) Act to delegate responsibility for calculating nurse staffing levels to a senior registered nurse, usually the Executive Director of Nursing.

Managing risks to achieving strategic priorities

24   We looked at the Board's approach to assuring itself that risks to achieving priorities are well managed. We found that despite a board assurance framework and risk management strategy being in place there is a need to improve the operational identification, review and mitigation of risk.

25   The Health Board has an established Board Assurance Framework (BAF) clearly linked to the Integrated Medium Term Plan. The Board undertakes an annual review of the BAF, which is publicly available. The BAF outlines the principle risks threating the delivery of the Health Board's strategic objectives. It aligns the principle risks, key controls, risk appetite and sources of assurance against each strategic objective. The Health Board plans to further strengthen board awareness by providing training on risk and risk appetite for the Board before the next review of the BAF when the IMTP is refreshed.

26   Compilation of the BAF relies on robust risk management arrangements within the organisation to identify, review and update risks. The Health Board has an approved risk management strategy. The

risk management strategy notes that directorate managers will monitor and develop mitigating actions to control risks. The strategy also requires regular reviews of risk registers by integrated governance groups at directorate level to escalate risks where risks cannot be managed by the directorates to the executive team and then to Board. Executive directors then have a directorate risk profile and there is a process to escalate to the organisational wide risk register. Positively, each risk on the corporate risk register can be tracked back to the original risk assessment. The corporate risk register is received and reviewed by the executives, Board as well as the Quality, Safety and Risk committee regularly.

27   As part of this year's structured assessment, we asked board members about risk management. The findings from our survey show that board members are overall happy with the arrangements in place for identifying and managing risks:

- all board members responding to our survey understand the risks to achieving strategic objectives and how they are being managed;

- most board members (86%) felt they were involved in identifying risks to achieving strategic objectives compared to 91% across Wales;

- most board members (93%) felt that the information presented to the Board allows members to effectively scrutinise actions being taken to mitigate risks compared to 77% across Wales; and

- most board members (93%) responding were clear on how risks were both managed and escalated up to the Board or committees compared with 86% across Wales.

28   Although it is positive that board members are overall happy with risk management arrangements, recent work undertaken by the Internal Audit service in some directorates and our review of the estates risk register indicate potential to improve timeliness of risk reviews and associated actions to mitigate risks. Directorates are meant to review their risk registers at their routine clinical business meetings. However, this does not appear to have been happening consistently and therefore some risk registers are out of date. This could mean that the organisational risks currently on the BAF are not reflective of the current issues facing directorate teams.

29   Staff receive corporate training to assist them in completing risk registers, which includes identifying, managing and mitigating risks, and written guides are available on SharePoint.

Embedding a sound system of assurance

30   We also examined whether the Health Board has an effective system of internal control to support board assurance. We found that important aspects of the Health Board's quality governance arrangements require improvement and the Health Board needs to address information governance plans and capacity.

Performance management and monitoring

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

- Clinical business meetings (CBMs) – where a small core of executives meet on a monthly basis with clinical and managerial leads of each directorate to provide oversight and performance management of the entire operation;

- Corporate business meetings – where a small core of executives meet on a bi-monthly basis with the managerial leads for each major corporate function to provide oversight and performance management; and

- Efficiency, Productivity and Value Board (EPV) – where the Chief Executive oversees the cluster of cross-cutting themes and associated activities to achieve medium to long-term improvement trajectories.

32   The Health Board produces a comprehensive Integrated Performance Dashboard linked to the NHS Wales Delivery Framework and Tier 1 targets. The dashboard contains relevant benchmarking, trends and forecasting, and supporting narrative provided for areas where performance needs to improve, eg performance against A&E targets. The indicators are grouped into the Health and Care Standards themes. Trend data shows performance over the preceding 12 months with a summary of performance and the action being taken to address areas of underperformance. The information is very detailed and enables scrutiny, and the Health Board continues to refine the presentation of this information.

33   Our survey sought board members' views on the information they receive to help them discharge their role. Overall, Board Members were positive about the information they received over several domains including operational delivery and service quality. We found that most board members (92%) felt that the board had agreed the information it needed for effective oversight and scrutiny compared to 79% across Wales. Overall, most board members (86%) felt that they had a good understanding about how well the organisation was performing in relation to service quality compared to 80% across Wales and (80%) felt that they had a good understanding of how the organisation performs in relation to patient experience compared to 64% across Wales.

Quality governance

34   Whilst the Health Board appears to have the necessary structures and processes in place to support quality governance, in practice we are concerned that the system is not effective in highlighting issues and concerns or demonstrating responses to improvements.

35   The Quality Strategy and the Quality Delivery Plan is designed, implemented and monitored by the Quality Steering Group (QSG), which reports to the Quality Safety and Risk Committee. The QSG collates information from several sub-groups, such as the concerns panels which consider complaints, redress, patient safety and incidents. The QSG is responsible for the preparation of the Quality Report received quarterly by the Quality, Safety and Risk Committee.

36   However, the QSG has not met as regularly as required, and reports of its activity have to the Quality Safety and Risk Committee have been infrequent and not compliant with the terms of reference.

37   Our review of the Quality Report found that the information presented does not enable readers to easily identify areas of concern. Summaries of the quality report do not effectively highlight where the

Committee's attention should be drawn and why. For example, there was a 9% increase in falls reported between May 2017 and June 2018, but the Quality Report does not identify what actions are being taken to address this issue. The information on patient experience and learning from concerns is also presented in the Quality Report but it is difficult to identify the directorates where concerns arise. This makes it difficult to triangulate information across a range of quality and safety measures. In general, the Quality Report could be more effective at highlighting where lessons have been learnt and changes have consequently been made.

38   The Health Board first produced a Quality Strategy covering the period 2015-2017. After considering the implications of the Bridgend boundary change a decision was made to hold off producing a full quality strategy until the transition of services has been delivered, and instead to produce an interim Quality Strategy covering one year.

39   The Health Board aims to revise the Quality Strategy following the transfer of services from Abertawe Bro Morgannwg University Health Board. We have noted that the interim Quality Strategy provides no assessment of the current state of quality within the Health Board nor makes it clear what progress they would want to see by when.

40   Arrangements for staff to raise concerns need strengthening. The Board survey respondents felt that, in the main, the organisation has a track record in actively encouraging staff to identify and report concerns and complaints and ensure that it listens and responds not only to good news stories but also to feedback on poor quality care. However, a recent Internal Audit review reported in October 2018 gave limited assurance in relation to arrangements for raising concerns (Whistleblowing). The review raised concerns around how the Health Board had communicated the raising concern policy to employees, it was not part of the induction for new employees and there had not been any recent training nor a comprehensive awareness campaign. The review also highlighted that policies and procedures were available on the intranet but the Health Board was unable to demonstrate how it communicated these to staff who do not routinely have access to IT. Additionally, more support was needed for line managers to support them in managing staff concerns and there was a requirement for a central log of concerns to enable analysis of this data to be undertaken. Positively results from the NHS staff survey do show that 93% of respondents (22% overall response rate which was below the average) said that the last time that they saw an error, near miss, or incident, that could have caused harm to staff, they reported it. A positive culture of incident reporting is to be recognised.

41   Issues with serious incident reporting within maternity have recently come to light. An independent review by the Royal College of Obstetricians and Gynaecologists was initially agreed to be commissioned by the Health Board. This has now been commissioned directly by the Cabinet Secretary for Health and Social Services and is due for completion by the end of spring 2019.In the interim, it is important that the Health Board demonstrates organisational learning and seeks assurance that issues uncovered in maternity services are not more widespread.

Clinical Audit

42   The Health Board has a clinical audit plan for 2018-19 in place. The plan identifies the clinical audit projects that that the Health Board must participate in nationally, as well as the local audits which have been identified through clinical priorities and patient and public experience initiatives. The plan also includes priorities from the quality strategy and the quality delivery plan.

43   The Health Board's strategy for clinical audit had previously been included within the Health Board's 2014-2017 Quality Strategy. However, a review by Internal Audit in January 2018 recommended that the Health Board produce a stand-alone plan for clinical audit, as coverage in the Quality Strategy was not sufficiently detailed. It is therefore an improvement that the Health Board presented a stand-alone document separate from the Quality Plan to the Audit Committee in July 2018.

44   Compliance with the Clinical audit plan is reviewed and monitored on a quarterly basis through the clinical audit and quality improvement operational group and the quality steering group. The Audit Committee and the Quality, Safety and Risk Committee both have responsibilities for clinical audit, which are;

- Audit Committee – that the Health Board has a visible clinical audit programme in place and the outcomes provide internal assurance to the board; and

- Quality Safety and Risk Committee – ensure arrangements are in place to undertake, review and act on clinical audit activity which responds to national and local priorities

45   The mechanism in place for monitoring performance of clinical audit for the Quality Safety and Risk Committee is through the Quality Report. However, there is a lack of detail; recently it was found that national audits were not being completed as required within maternity due to capacity issues. The clinical audit team have recently provided all directorates with an update of their progress against their audit plans.

Information governance and information security

46   Work has been ongoing to strengthen the Health Board's arrangements in relation to the General Data Protection Regulation (GDPR) requirements. There is an Information Governance Management Framework in place, which is supported by key policies. However, the Health Board needs to update its framework following the recent adoption of all-Wales policies on information governance and information security and reflect the change in Data Protection Officer. An Information Governance Group is in place and it reports to the QSR Committee. The Chair of the Information Governance Group, who is an IM, is stepping down when his tenure ends in December 2018, which will leave an IM&T champion gap at Board level. The Health Board is achieving its Freedom of Information request targets and the Health Board has recently recruited additional staff to the team, but impending boundary changes may require more resources in future. Compliance with information governance training has improved since last year and is currently 69.8%, but well below the 95% national target.

47   There is no cyber security action plan in place. In March 2018, the Health Board received the findings of an external cybersecurity assessment, which identified significant improvement actions needed to strengthen arrangements. The report highlighted the lack of cyber security personnel as the Health Board has only one Information Security Manager and no dedicated support staff, which limits the time available to provide suitable support and advice. The Information Security Manager has previously been unsuccessful when requesting additional cyber security staff and is currently waiting for a decision on a recent request to the Executive Management Board. The executive team are aware of the need for further staff in this area, and it has formed part of IMTP planning discussions, and further work is expected in the next planning cycle to enable additional resources to be allocated. The report also highlighted evidence of the existence of old and unsupported versions of software, and a significant number of instances indicating a failure or lack of up-to-date security patching of Microsoft Operating Systems. A clutch of third party-maintained imaging servers also showed poor patch

management. The Health Board needs to ensure that it addresses the issues identified in the report and develops an action plan, to minimise any associated risks (for example, a successful cyber-attack) as much as possible and progress is monitored through the Information Governance Group.

National Fraud Initiative

48   Last year, we reported that the Health Board did not review the recommended data matches from the National Fraud Initiative (NFI) biennial data-matching exercise in a timely way. In January 2017, the Health Board received 5,263 data-matches as part of the most recent biennial exercise. The data-matches highlight anomalies which when reviewed can help to identify fraud and error. Whilst we would not expect participants to review all data-matches, some of the matches are categorised as 'recommended matches'. These are matches considered to be of high risk and therefore recommended to be prioritised. The Health Board received 311 recommended matches. In our 2016-17 Annual Audit Report, we reported that as at 20 November 2017 the Health Board had only reviewed nine data matches and had failed to make effective use of NFI as part of its arrangements to prevent and detect fraud. As at 12 November 2018, the NFI web application records that the Health Board has now reviewed 216 data matches. Whilst we acknowledge that the Health Board has made progress, it still has a number of recommended matches that need reviewing. It is essential that these data-matches are reviewed as a matter of urgency. These matches include matches between payroll, creditor payments and Companies House data and matches between staff and supplier bank accounts.

Tracking recommendations

49   During 2018, the Health Board made changes to the audit tracker, which is presented at each meeting of the Audit Committee. 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. A cover report now accompanies the tracking log to give an overview to the committee of the position in respect of recommendations.

50   However, recommendations marked as complete are removed with little commentary to evidence removal of the recommendation. There is also an opportunity to utilise the tracker to co-ordinate actions in response to recommendations from other inspections and external reviews, such as Healthcare Inspectorate Wales, Ombudsman reports and Delivery Unit Reports. This approach would give the tracker wider applicability and could provide useful information to assist the work of the Quality, Safety and Risk Committee.

Ensuring organisational design supports effective governance

51   We looked at how the Health Board organises itself to deliver strategic objectives collectively while ensuring clear lines of accountability for delivery. We found that the Health Board has clear executive portfolios and lines of accountability, but clinical business meetings need more focus on quality and safety.

52   Arrangements for executive portfolios are clear, there is a clear organisational structure in place which sets out the roles and responsibilities. The Health Board has not made significant changes to its

overall operational structure since our last review. However, during 2018, there have been several changes amongst the Executive Management Team.

53   There are short to medium-term arrangements in place to manage changes to appointments amongst the executive team with the exception of the Board level role for the Director of Therapies and Health Sciences which is currently vacant. However, the Chief Operating Officer, who is also the Director of Therapies and Health Sciences, is currently seconded to Abertawe Bro Morgannwg University Health Board and he is available for advice should the assistant director of therapies and health sciences require support. Interim arrangements are in place with the Director of Primary and Community Mental Health moving into the Chief Operating Officer role, while a new Director of Primary Community and Mental Health was appointed. The Director of Nursing, Midwifery and Patient Care retired recently, and interim arrangements are in place until the appointment of a new director in 2019. The Director of Finance was appointed earlier this year having previously worked for the Health Board.

54   As mentioned previously in this report the Health Board has a mechanism of Clinical Business Meetings (CBMs), where a small core of executives meet on a monthly basis with clinical and managerial leads of each directorate to provide oversight and performance management. The Health Board sees these meetings as the mechanism to improve directorate performance against key performance indicators and improve service safety and service quality for patients and staff. In 2016, we recommended that the Health Board agree a consistent approach and terms of reference for Clinical Business Meetings as this had been highlighted in an Internal Audit Review. However, while there is a draft Terms of Reference for these meetings we have been unable to see a final version. From our review of minutes, we feel further work is needed to ensure quality and safety are discussed on a par with performance. Interviews within the executive management team have indicated that the ways the CBMs operate in the future are expected to change.

55   We have recently been made aware that the Health Board is reviewing the underpinning clinical governance structures and framework that underpin the directorate level arrangements. The new structure currently being developed aims to simplify the directorate and localities structures.

56   As the work progresses with the boundary change, the Health Board may need to reflect on executive portfolios and additional capacity requirements.

Strategic planning

57   Our work examined how the Board sets strategic objectives for the organisation. We assessed how well the Health Board plans how it will achieve its objectives, using funding, people and other resources that it has, or can make available. We wanted to know how the Health Board develops its strategic plans and how directorates are supported internally. Finally, we wanted to know if the Health Board is monitoring progress with these plans effectively.

58   We found that **the Health Board has good arrangements for strategic planning, and effective support for directorates but tracking progress is difficult without detailed IMTP milestones**.

Setting the strategic direction

59   We looked at how the Board goes about setting its priorities in engagement with key stakeholders and setting them out in a clear IMTP. We found that the Health Board has a clear strategic vision and is developing its long-term clinical services strategy.

60   There is a clear strategic vision for the organisation and most board members (93%) responding to our survey reported that they were always or mostly involved in setting the vision and strategic priorities. The Health Board's central philosophy is Cwm Taf Cares. The 2018-2021 strategic priorities are grouped around five care themes and set out in the Health Board's IMTP. These care themes are:

- Wellbeing Self Care and Supported Care

- Integrated community care

- Care closer to home

- Acute care

- Tertiary services

61   Within these themes the Health Board has articulated three-year outcomes as well as priorities for 2018-19 – 2020-21. There are 16 priorities detailed over a wide range of areas and each of these has a 'plan on a page' for its achievement. The priorities are ambitious and build on successes from previous years, for example the Stay well @ Home service.

62   In addition to the care themes, there is an overarching enabler theme, which includes achieving financial balance, further developing leadership and delivery capacity and managing recruitment and retention amongst other areas.

63   The Health Board has a detailed engagement plan for consultation with key internal and external stakeholders on Health Board priorities. The strategic priorities set out in the IMTP were informed by effective engagement with key stakeholders both internally and externally. The IMTP engagement plan ensures that all the Health Board priorities are informed and influenced by those who have an interest in them. The groups range from Executive Board and the Board to Medical Leadership Forums and Strategic Partnership Boards and public fora.

64   This year the Health Board has been developing its long-term Clinical Services Strategy, but development was paused until the outcome of the consultation on boundary changes was known. The Health Board has indicated it has resumed its development and expects to publish before the end of 2018.

Developing strategic plans

65   We considered the Health Board's approach to developing the strategic plan. We found that the Health Board has a well-developed approach to its strategic planning underpinned by demand and capacity modelling and guidance.

66   The Health Board's approach to developing its IMTP remains consistent and builds upon the preceding plan. The Health Board has developed the IMTP within the required timeframe for the fifth consecutive year. In January 2018, the Board approved the draft IMTP, having reviewed and influenced the emerging draft through board development sessions and public board meetings.

67   Underpinning the IMTP is a series of plans that cover a range of cross-cutting themes, such as increasing workforce productivity and embedding the principles of prudent healthcare. The Health Board prepares annual guidance, which it launches at an organisation-wide planning workshop. The guidance sets out the local planning requirements and key milestones. As part of the IMTP planning process, the Performance and Information Department prepares skeleton demand and capacity plans for each directorate and locality with respective managers updating them. In March 2018, the Internal

Audit service reviewed the arrangements and highlighted concerns regarding lack of support for directorates, lack of clinical engagement and directorates not using demand and capacity plans to manage the business. The recent update report by Internal Audit has shown improvement, with improved clinical engagement and increased management oversight. The Health Board needs to be mindful of these areas when moving into the next IMTP planning round. Progress in developing the local IMTP plans is monitored by the Health Board's Integrated Planning Group and works well.

68   Last year, capacity within the Programme Management Office (PMO) was limited, which risked affecting the Health Board's ability to implement change. Additional support has been allocated to the PMO team to support work on the Bridgend transition. This is on a non-recurrent basis, and the Health Board is keeping this area under review with a view to growing its sustainable project management capacity to achieve its service transformation ambitions.

69   At the time of our audit work, the Health Board was preparing the next iteration of the IMTP, which will need to reflect the boundary changes and the wider integration of services following the transfer from Abertawe Bro Morgannwg University Health Board. The Health Board is developing processes to manage the transfer and integration of services and is currently engaged with them in developing their IMTP plans for next year. Information presented to Board highlights the Health Board approach to including Bridgend in the planning arrangements, and they are being engaged through the planning workshops and regular meetings with Cwm Taf.

70   The Health Board's IMTP contains several annexes, including details on financial strategies as well as workforce and organisational development. The IMTP provides a snapshot of the workforce with workforce assumptions set out, namely annual turnover and increase in salary costs. The IMTP does highlight workforce challenges such as reliance on agency and locum staff as well as areas within the Health Board where there are recruitment difficulties such as estates, maternity and primary care. Directorate IMTPs contain workforce plans and monitoring of these is through the clinical business meeting process.

71   Our board member survey found that, overall, board members who responded were happy that the clinical strategy, workforce plan and capital plan were effectively underpinning the delivery of the organisational objectives. The annexes to the IMTP also set out the Health Boards approach to prudent healthcare delivered through a cross-cutting theme managed by the EPV Board.

Monitoring delivery of the strategic plan

72   Finally, we looked at whether delivery of strategic plans is effectively monitored. We found that the Health Board has processes for monitoring delivery of the IMTP but without detailed milestones it is challenging to gain an accurate impression of progress.

73   Arrangements are in place to monitor and report on delivery of the IMTP. The Board receives a quarterly performance report against the five care themes within the IMTP and an annual summary of progress in the subsequent IMTP. However, the way the IMTP is set out makes it difficult to track milestones.

74   In 2017, we recommended that the Health Board refine the IMTP reporting process to include detailed information on milestones to enable Independent Members to understand progress against the expected trajectory. IMTP reporting has improved since our last Structured Assessment and the link to activities and the strategic themes of the Health Board are clearer, but without a clear picture of the

milestones in the IMTP it is difficult for an external audience to identify progress and see whether the IMTP priorities are on track.

75   Last year we reported on a new executive level board to provide oversight of the cross-cutting themes within the IMTP. The EPV Board first met in June 2017 partly in response to issues with the visibility of work on the cross-cutting themes. Board assurance is received through the Finance, Performance and Workforce Committee.

76   Board members reported they were happy with the information they received on the strategic change programme and IMTP performance reports. Our Board member survey found that;

- 86% of board members responding to our survey agreed that the information they received around strategic change programme delivery gave them a good understanding of the Health Board's performance compared with 83% across Wales; and

- all board members responding to the survey agreed that the information they received gave them a good understanding of the Health Board's performance in relation to IMTP delivery compared with 90% across Wales.

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

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

78   We found that, overall, **financial and asset management arrangements are sound, and the Health Board performs comparatively well on several key performance targets. However, there is a need for continued action to address several significant workforce challenges, including factors driving the relatively high use of locum and agency staff**.

Managing the workforce

79   The workforce is the Health Board's biggest asset, not least because pay represents such a significant proportion of expenditure. It is important that the workforce is well managed and productive because staff are critical for day-to-day service delivery and for delivering efficiency savings and quality improvements. Within Wales there are significant workforce challenges which are being faced by Health Boards. Within Cwm Taf UHB we found that Workforce issues continue to challenge the Health Board, but it is taking steps to tackle issues such as higher-than-average agency expenditure and turnover rates.

80   The following table shows how the Health Board is performing in relation to some key measures compared with the Wales average. Exhibit 1 shows that the Health Board's performance is the same or broadly comparable to the Wales average for sickness absence, vacancy rates and compliance with statutory and mandatory training. Turnover is higher than the Wales average, while compliance with the appraisal process is much better.

Workforce measures	Health Board	Wales average
Sickness absence	5.6%	5.3%
Turnover	9.0%	6.9%
Vacancy	2.6%	2.6%
Appraisals	76%	67%
Statutory and mandatory training	74%	73%

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

81   The Health Board's IMTP (2018-2021) highlights the biggest challenge to the Health Board's financial position is the overspend on medical, dental and nursing locums, and bank and agency expenditure. At July 2018, the Health Board's agency spend was 6% of their total pay bill, which is the second highest proportion in Wales. Agency spend is particularly high for medical and dental staff and accounts for 15% of the medical and dental pay bill while nursing and midwifery agency costs account for 6% of the pay bill. Since July 2017, there has been a small reduction (1.6%) in agency spend on medical and dental staff and an even smaller reduction (0.5%) on nursing and midwifery staff. Spend on agency allied health professionals has seen the biggest reduction since last year (8.7%). The Health Board recognises the need to reduce agency spend.

82   Workforce productivity is one of the Health Board's cross-cutting themes, which aims to reduce medical, dental and nursing and midwifery agency spend by approximately £5.1 million by next year (2018-19) through initiatives such as 'retire and return' for nurses and introducing e-rostering and e-job planning for the medical workforce. The cross-cutting programmes are overseen by the EPV Board, which is chaired by the chief executive.

83   There are several factors affecting recruitment and retention, such as an aging workforce, changes to pension and tax legislation and recruitment to training places, and these factors affect certain staff groups more than others. Exhibit 1 shows the Health Board has a higher-than-average turnover rate. As at July 2018, turnover amongst nursing and midwifery staff and allied health professionals was the highest in Wales at 10% and 9.6% respectively (the Wales average was 7.3% and 7.9% respectively). Compared to July 2017, the number of advertised vacancies for both staffing groups has seen little or no change. The Health Board's IMTP cites recruitment and retention as two of the key workforce challenges and poses a significant risk to delivering safe and effective services. The Health Board has cited difficulties recruiting medical staff in some specialities, such as consultants in acute medicine, accident and emergency, pathology, urology and general practitioners. In addition, nursing recruitment is a challenge, especially in the areas of acute medicine and maternity, both within Prince Charles

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

Hospital and Royal Glamorgan Hospital. There are other recruitment difficulties such as for imaging specialists, pharmacists and allied health professionals.

84   The Health Board is taking a number of actions to help fill vacancies, for example, recruiting nurses from abroad and running recruitment campaigns such as the national '#joincwmtaf.wales' campaign. The Health Board's IMTP states that the '#joincwmtaf.wales' campaign has resulted in an increase in its graduate and general nursing adverts. The Health Board also commissioned a PR company to develop a campaign that will initially focus on recruiting medical, and allied health professionals. This campaign aims to dovetail with the national 'TrainWorkLive' campaign. For certain staff groups, such as nursing, recruitment is relatively successful, but retention is poor. In response to this the Health Board is developing a nursing retention strategy.

85   Given the challenge, recruitment and retention are only part of the solution. The Health Board needs to modernise its workforce and use staff differently. The Health Board is implementing several workforce redesign programmes. The Health Board's key workforce modernisation priorities for 2018-2021 are:

- further development of advanced and extended clinical roles within secondary and primary care;
- trialling and introducing alternative practitioners, such as physician associates; and
- development of the healthcare support worker role within secondary and primary care.

86   In April 2018, the Health Board ran a workshop to showcase new roles and because of the workshop's success, it is establishing an executive level modernisation board. Whilst some service areas still recruit like for like, the Health Board reported that this practice is slowly changing, but more needs to be done. The Health Board is increasingly taking a bottom-up look at roles, to understand what types of roles services need.

87   The Health Board has one of the highest sickness absence rates when compared to other health boards and the Wales average. At July 2018, the rolling 12-month sickness absence rate was 5.6% and is the third highest when compared to other health boards (range 4.1% to 7.3%) and the Wales average (5.3%). Sickness absence rates are above average for all staff groups except for professional scientific and technical staff and allied health professionals. The Health Board's corporate risk register rates 'failure to achieve the management of absence target' as high. The Health Board reported a tailored approach to managing sickness absence. Sickness absence data is scrutinised at monthly CMB meetings, then followed up with work tailored to each directorate's needs. The Health Board has set a target of reducing sickness absence levels to 4.7% by the end of 2021. Given the issues with recruitment, retention and agency expenditure we would question whether this target is ambitious enough. The Health Board reported that they have a programme of staff wellbeing activities, and following reassessment in February 2018 have been awarded Platinum for the Corporate Health Standard.

88   The Health Board does not have a training and development plan and has not undertaken a training needs assessment. However, the IMTP states that the Health Board will be finalising and implementing three core organisational development frameworks supporting engagement, education and leadership. The frameworks and the associated workstreams are at various stages of development and implementation. At July 2018, the Health Board's annual appraisal compliance rate was better than the Wales average (76% and 67% respectively). Whilst not meeting the 85% national target, the Health Board's compliance rate has improved since last July (71%). The only staff group to meet the target is medical and dental. Appraisals form part of the annual revalidation process for

medical and dental staff and three-yearly revalidation requirements for registered nurses and midwifes. There has been a substantial improvement in statutory and mandatory training rates. In July 2018, the rate was 74% compared to 59% in July 2017. Allied Health Professionals are the only staff group meeting the 85% target. All statutory and mandatory training is accessed through the electronic staff record (ESR) which will also log when the training has been completed: compliance with the level one core skills training framework was 75% (November 2018) which the Health Board acknowledges requires improvement. The Health Board is currently reviewing its training provision as an initial demand and capacity analysis has indicated that that the Health Board is not delivering enough training to facilitate all staff maintaining their compliance with training requirements.

89   The Health Board has identified that current job planning compliance is lower than expected. To rectify the situation the Health Board has set a target of 90% compliance by December 2018 and for all job plans to be completed by the financial year-end. To monitor compliance rates, monthly reports are now submitted to Clinical Business Meetings (CBMs). The Finance, Performance and Workforce Committee also receives updates on job plan compliance through the workforce dashboard, but the Health Board recognises that presentation of this metric needs to be strengthened. Specifically, the dashboard was lacking trend data and Health-Board-wide compliance rates: these issues are being addressed.

90   The Finance, Performance and Workforce Committee receives a workforce dashboard each month, except for when the meeting is reserved for deep-dives and specific performance updates. The dashboard provides updates against the following six workforce areas: resourcing and recruitment, employee engagement, sickness absence, ESR and E-Systems roll out, personal development review and core mandatory training compliance and workforce utilisation. Workforce utilisation is demonstrated by showing figures for the supply of temporary registered nurses and healthcare support workers, medical agency expenditure and job planning compliance. The Board also receives the workforce dashboard at each meeting. The production and use of this dashboard are positive, however, the Health Board recognised that the dashboard was not adequately highlighting areas for the Board and committee to focus on. Since November 2018, the Health Board has made some improvements to performance reporting. For workforce, this has meant adding a coversheet to the workforce dashboard outlining the key points, highlights and lowlights related to workforce.

91   Our board member survey found that ten out of 15 members (67%) responding agreed that the information they receive gives them a good understanding about how the organisation performs in relation to workforce productivity compared with 40% of board members across Wales;

92   At the time of our audit work, the 2018 NHS Wales staff survey had just closed, and the results were not yet available. The Health Board learned that the response rate was only a 22% response compared with the Wales average (29%). The Health Board's response rate in 2016 was 38%. The Health Board is continuing to address the findings from the 2016 NHS Wales staff survey. The Health Board is also piloting pulse surveys across service areas with the aim of conducting all-staff surveys every six months. However, before rolling out this survey, the Health Board needs to understand the reasons for the low response rate to the national staff survey and take steps to try and secure better response rates in future staff surveys.

Managing the finances

93   We considered financial and budget management, financial controls, and operational support and processes. We found that the Health Board has a track record of achieving its statutory financial duties and has generally robust financial stewardship and management controls in place. However, there is a need to reduce the reliance on agency staff.

Achievement of financial objectives

94   Health Boards are subject to two statutory financial duties each year, under the NHS Finance Act (Wales) 2014. Firstly, they must spend within the Revenue Resource Limits (RRL) and the Capital Resource Limits (CRL) set by the Welsh Government, measured on a rolling three-year basis. Secondly, they must have their IMTP approved each year by the Cabinet Secretary for Health and Social Services.

95   The 2017-18 financial statements show that the Health Board underspent against its cumulative three-year RRL by £63,000 and against its cumulative CRL by £21,000, therefore meeting its statutory duty. Indications are that this duty will continue to be met in 2018-19. In its Monthly Monitoring Return issued to the Welsh Government for September 2018, the Health Board has year-to-date underspends of £77,000 against its RRL and £535,000 against its CRL and is forecasting to break even against both limits at the year-end.

96   The Health Board was able to return £3.0 million of brokerage to the Welsh Government in 2017-18 – effectively deferring this amount from their RRL from 2017-18 to 2018-19. The Health Board was able to achieve this position and still break even in the year by receiving additional funding from the Welsh Government (£1.8 million more than originally planned in its IMTP) and by over-achieving against its savings targets by £2.4 million. These amounts were offset slightly by additional cost pressures in areas, such as medical and nursing pay, drugs and other non-pay expenditure.

97   The Health Board has a good track record in respect of approval its three-year IMTP. The 2017-2020 IMTP was approved by the Cabinet Secretary for Health and Social Services in June 2017, while the 2018-2021 IMTP was approved in June 2018.

98   The Health Board's procurement arrangements are largely devolved to the NHS Wales Shared Services Partnership (NWSSP). There is an all-Wales Procurement Strategy, which the Health Board has signed up to. The NWSSP Procurement team have a local engagement strategy in place which was recently refreshed but needs to be agreed formally with the Health Board.

99   Management of procurement is through a service level agreement between the Shared Services Partnership and the Health Board, but we understand this is not proactively used to manage the 'contractual' relationship between the Health Board and the procurement provider.

100   As part of the Health Board's IMTP arrangements, there is a non-pay cross-cutting theme in place. The theme is led by the Director of Finance and the Head of Procurement, and performance is managed through the EPV Board, as well as the Non-Pay Strategy group. The non-pay cross-cutting theme achieves its targets. But, the executive-led Non-Pay Strategy group has not met since April 2018. We understand that the Health Board has good day-to-day relationships with the procurement service, and staff were complimentary on the support and guidance from the team. Additional procurement support is also being given to specific directorates, however, due to capacity limitations the procurement team are unable to offer this level of support across the Health Board. The Health

Board could also adopt a more strategic approach in its procurement, to use it as a mechanism to help deliver wellbeing of future generation objectives. This may, however, require a greater skill mix and resource in the procurement team and or an enhanced contribution and role by the Health Board's finance department.

Financial stewardship

101   The Health Board has a clear framework of roles and responsibilities, with appropriate control activities and processes in place. The Internal Audit service undertakes reviews of the 'financial governance and management' domain every year. In 2017-18, Internal Audit issued five reports in this domain, with only one of those reports on private and overseas patients leading to a 'limited assurance' opinion, which is a low proportion of activity within the Health Board. Its review of core financial systems gave an opinion of 'substantial assurance'.

102   Our own audit reporting during 2017-18 has not raised any material concerns over the Health Board's financial controls. The Audit Committee receives and reviews the outputs of Internal and External Audit on a regular basis, as well as the Health Board's Annual Governance Statement, which itself did not identify any significant concerns or failures of control.

103   The Health Board has a track record of meeting its statutory reporting requirements. Its draft and final financial statements were submitted to the Welsh Government in line with agreed deadlines. Similarly, the draft and final annual reports were produced in line with guidance from HM Treasury and in accordance with deadlines.

104   Regular finance reports are presented to the Finance, Performance and Workforce committee and the full Board. The structure and content of these reports are generally strong, with key findings and supporting detail clearly presented. The Director or Deputy Director of Finance also regularly attend Board or relevant Committee meetings. Management have engaged with IMs during the year to continuously improve the content and structure of these finance reports, to make them as clear and understandable as possible.

105   Our Board member survey found that 15 out of 15 (100%) members responding agreed that the information they receive gives them a good understanding about how the organisation performs financially compared with 97% of board members across Wales.

106   A Local Counter Fraud Service (LCFS) is in place to tackle fraud within the Health Board. Work in this area can be proactive (ie delivery of training, or review of internal policies/guidance) or reactive (review or investigation of specific allegations of fraud). The Health Board commissions this service from Cardiff and Vale University Health Board, with 1.5 full-time equivalent staff employed in its LCFS since the 2014-15 financial year.

107   However, the Health Board's counter-fraud landscape has developed in recent years. Its LCFS caseload has steadily increased, from 5 live investigations in 2014-15 to 20 in 2017-18. NHS Protect have provided a 'red' rating in the 'prevent and deter' domain in a recent review of the Health Board, due to internal policies not being reviewed by the LCFS. Furthermore, the impending boundary change (see paragraph 8) will increase the size of the Health Board significantly from April 2019. In response to the above challenges, the Health Board has reviewed its LCFS provision and counter-fraud service capacity will be increased from the 2019-20 financial year.

Financial management

108   The Health Board has a robust approach to financial management. Each directorate is allocated a Finance Business Partner (FBP), who meets at least monthly with directorate management to review progress against budget and identified savings plans. The Deputy Director of Finance oversees this process and meets with all FBPs each month to discuss issues arising at directorates.

109   This robust approach delivers consistent results for the Health Board. As noted above, the Health Board regularly meets its financial duty to break even over a three-year rolling period. In addition, performance against savings targets is strong, with 96% of savings achieved in 2016-17 and over 118% achieved in 2017-18. Furthermore, 60% of savings were classed as recurrent in both years.

110   The Health Board employs a Planning and Reporting team which acts as a 'business intelligence' function, providing costing and financial data to enhance decision-making by the Health Board. Detailed financial data is included in project appraisals for service change, allowing financial considerations to be fully considered by the Board alongside other factors when making decisions relating to service delivery.

111   The challenges in respect of relatively high use of agency staff highlighted earlier in this report will continue to present the Health Board with financial challenges.

Improving performance, efficiency and productivity

112   We looked at what the organisation is doing to improve performance, efficiency and productivity. We found that **the Health Board focuses on delivery of its key access targets and has examples of innovative ways of working to improve efficiency and productivity**.

Key waiting time targets

113   The Health Board is operating in a challenging environment, and while some performance metrics have improved the challenge is now to maintain this.

114   With regard to scheduled care, in March 2018, the Health Board delivered on its trajectory for referral to treatment times. This improvement has been supported by additional funding from the Welsh Government. Through its IMTP there has been a focus on the booking processes as well as a pathway transformation to deliver activities to improve pathway management for elective care. Work is also in progress to improve theatre utilisation and streamline processes for pre-assessment.

115   However, it is important that the Health Board maintains delivery of the referral to treatment time target throughout the coming year as this is technically a month-on-month target rather than an annual one. At the end of June 2018, 195 (1%) patients were waiting longer than 36 weeks to be seen compared to the Wales average of 3%.

116   In relation to unscheduled care, the Health Board is not achieving its four-hour emergency department target although performance is better than many other areas in Wales. Performance as at June 2018 was 90% compared with a Welsh average of 83%, and a national target of 95%. In the 2018-19 IMTP there are three specific objectives which involve looking at alternative interventions to provide alternative unscheduled care services for the elderly.

117   Follow-up outpatients remain a concern for the Health Board. The number of patients waiting for an outpatient follow-up (not booked) who are currently delayed past their agreed target date is 19,455,

and has been growing over the past four months. Work on clinical validation of follow-up lists is ongoing, and there has been a clear focus on outpatient follow-up appointments by the Quality Safety and Risk Committee.

118   Over the last 12 months there has been mixed performance in urgent suspected cancer performance but some improvement in relation to stroke performance measures, although the percentage of patients who are diagnosed with a stroke who have a direct admission to a stroke unit within four hours is low compared with other Health Boards in Wales.

Improving productivity and efficiency

119   Our work this year has considered the Health Board's arrangements for improving efficiency and productivity. We found that there is a good focus on prudent healthcare which is reflected in the IMTP and there have been some successes in this area, but further resources will be needed to fully embed the principles within directorates.

120   Compared to other health bodies in Wales, Cwm Taf Board members were more positive about the information they received in relation to service efficiency and care outcomes, although the responses to our board member survey indicates that scope exists to strengthen arrangements in both of these areas:

*   nine out of 15 members (60%) responding agreed that the information they receive gives them a good understanding about how the organisation performs in relation to service efficiency compared with 52% of board members across Wales;

*   seven out of 15 (50%) members responding agreed that the information they receive gives them a good understanding about how the organisation performs in relation to care outcomes compared with 47% of board members across Wales.

121   There is a clear focus on prudent healthcare and references to its importance throughout the IMTP. One of the Health Board's cross-cutting themes is 'Prevention and Improving Value from Healthcare', which is intended to embed prudent healthcare values. The executive lead for this theme is the Director of Public Health while the EPV Board monitors performance against the theme plan. The workplan for the group includes completion of opportunity analysis for interventions not normally undertaken, population heath management, science-based procurement and health outcomes measurement (ICHOM)[2]. The work of the prudent healthcare team is positive and shows a commitment from the Health Board in this area. Embedding prudent healthcare principles such that they are reflected in directorate IMTPs requires training and support; however, capacity within the prudent heathcare team is limited and prevents this.

122   Prudent healthcare principles are helping to reshape and modernise services. One example is Valley Steps, which is a new integrated service aimed at reducing demand and over-reliance on anti-depressant medication. At the same time, it reduces costs by reducing anti-depressant prescribing and supporting alternative interventions from traditional health services, eg mindfulness courses.

123   The Stay Well at Home (SW@H) service demonstrates where improvements to a service have not only helped in terms of prudent healthcare but also achieved financial savings and improved service user feedback. The SW@H service is a venture between the Health Board and local authorities to

[2] https://www.ichom.org/

improve engagement between health and social care within the A&E departments of the two main hospitals. The service aims to prevent health crisis, prevent avoidable hospital admission and prevent a lengthy hospital stay. A six-month evaluation of the project found that it had saved enough bed days to pay for its establishment and the NHS Wales Delivery Unit also found that delayed discharges because of problems between health and social care had reduced.

124   The Health Board has also taken steps to improve efficiency of outpatient services, for instance, by introducing text and remind services to reduce patient do not attends, which has had a positive effect.

Using informatics to support service delivery

125   We assessed the Health Board's arrangements to utilise technology to support service delivery. We found that the Health Board has an agreed digital health strategy, but challenges remain in securing the necessary resources to deliver it.

126   The Health Board has an agreed five-year digital strategic outline programme. This was first produced and agreed by the executive board in June 2017, and subsequently submitted to the Welsh Government. To implement the strategy, the Health Board requires capital funding totalling £17 million and £10.7 million revenue funding over the five-year period 2017-18 to 2021-22. Our 2017 Structured Assessment noted that the Health Board needed to break the strategy down into key deliverables and allocate financial resources accordingly. This work has been completed and each item on the digital health strategy is costed. The digital health strategy group prioritises capital funding based on the strategic needs of the Health Board.

127   The Internal Audit service reviewed the Digital Health Strategy and highlighted concerns that there is no ring-fenced capital funding for ICT. The lack of funding for implementing the informatics strategic outline programme may undermine the Health Board's ability to deliver strategic objectives. Capital monies allocated to ICT have been historically low and our previous work on ICT arrangements highlighted that ICT investment was less than other health boards.[3] In 2017-18 the initial allocation was £360,000 for rolling replacement only, despite a requirement for £1 million.

128   The Health Board has tried to progress some areas within the informatics strategic outline programme. For example, the Health Board applied for Welsh Government funding to support the digitisation of paper records project. Without the funding, the number of paper medical records will continue to increase exceeding the capacity of the Health Board's Williamstown medical records storage centre. The Health Board's bids have been unsuccessful to date.

129   In previous Structured Assessment reports, we commented on the movement of the ICT portfolio amongst executive directors. More recently, the Chief Operating Officer has taken on executive responsibility for ICT, which has created some welcome stability. Positively, the Health Board has been successful in recruiting a substantive Head of Information and Communications Technology (ICT) after previous interim arrangements.

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[3] Wales Audit Office, Diagnostic Review of ICT Capacity and Resources, 2016.

Managing the estate and other physical assets

130   Finally, we considered how the estate and physical assets are managed. We found that the Health Board manages its assets well.

131   The Health Board has an overarching estates strategy and an asset management strategy in place. Work is ongoing to revise the estates strategy as it is due for renewal and needs to reflect the boundary changes coming into effect in April 2019. The Health Board also has a Capital and Estates Integrated Medium Term Business Plan, which outlines the service and key priorities for 2017-2020. Performance against this plan is monitored through the Clinical Business Meeting[4] arrangements.

132   The Health Board applies a risk management approach to help to prioritise the limited discretionary capital allocation across Estate, ICT infrastructure, medical equipment and other related assets. The Health Board flexes and responds to new priorities, for example, where urgent and unexpected health and safety risks occur, or unexpected equipment failure.

133   From a financial point of view the Health Board maintains a fixed asset register, which holds details of all assets owned by the Health Board including purchase date, value, revaluations, impairment, asset life and location. From an operational and maintenance point of view, the Estates department maintains an asset management system called TABS, which holds information regarding all buildings and the maintenance needs. This system also contains information on planned maintenance and replacement schedules. The information recorded is at a very detailed level, breaking down each building into its component parts (eg light switches, smoke detectors, plant rooms, piping, electrical sockets etc.). The Health Board is looking to replace this system as it is outdated and requires significant resource. The Estates directorate are exploring replacement now but want to wait until the transfer of services from Abertawe Bro Morgannwg University Health Board is complete to ensure the systems are compatible. The Health Board is also considering a four-facet survey[5] of the estate to gain a better understanding of the estate condition. Our review of the risk register within the Estates directorate has highlighted some issues with risks being out of date, and a need for a thorough review and update of the register.

[4] Clinical Business Meetings – where a small core of executive directors meet monthly with clinical and managerial leads of each directorate to provide oversight and performance management of the entire operation.

[5] A facet survey is an external condition review of the NHS estate and the number of facets relates to the scope of the survey.

Recommendations

2018 recommendations
Implementing previous recommendations
R1   We recommend that within 12 months, the Health Board fully implements the outstanding recommendations from our previous Structured Assessment (as detailed in Appendix 1).
Scheme of Delegations
R2   The Health Board should update the Scheme of Delegation to reflect the requirements of the Nurse Staffing Levels (Wales) Act to designate a senior registered nurse to calculate nurse staffing levels.
Improve risk practice and assurance
R3   To improve risk practice and provide assurance to the Board and Committees that risks to achieving strategic objectives are effectively managed, the Health Board should: a)   undertake an organisational-wide review of the directorate risk registers to ensure they are up to date and reflect the current risks facing services, and; b)   ensure timely ongoing review of all directorate risk registers.
Quality Governance
R4   To improve quality governance arrangements the Health Board should: a)   ensure the Quality Steering Group meets with the appropriate frequency; b)   ensure that the quality report is more explicit at highlighting quality concerns and also articulates how the Health Board is learning lessons; c)   consult with the public and service users when developing the new Quality Strategy; d)   improve the quality and consistency of Quality, Safety and Risk Committee papers to ensure clarity and brevity, to enable areas of concern to be identified easily, to highlight action taken to address areas of concern and to demonstrate learning; e)   audit the quality, safety and risk processes within directorates to gain assurance they operate effectively; f)   review the relevance of organisation policies that the Quality, Safety and Risk Committee is asked to approve and reallocate responsibility to other committees; and g)   provide bespoke induction for Independent Members newly appointed to the Quality, Safety and Risk Committee to ensure effective scrutiny and understanding of quality issues.

2018 recommendations

Audit tracker

R5 The Audit Committee should ensure the tracker log records good information to enable Independent Members to review and take assurance that the recommendations are complete when removed from the tracker.

R6 The Audit Committee tracker should be expanded to include the recommendations of other external agencies, eg Healthcare Inspectorate Wales and the Delivery Unit.

Information Communications and technology

R7 The Health Board should take steps to strengthen the oversight arrangements in relation to ICT and Information Governance by:

  a) ensuring that minutes from the Digital Health Strategy Steering group and Information Governance group are scrutinised at the Quality, Safety and Risk Committee; and

  b) clarifying and articulating links between information governance and ICT to strengthen the oversight and scrutiny of the Trust's digital business.

R8 The Health Board should develop a cyber security action plan to implement recommendations from the NHS Wales External Security Assessment and any other cyber security reviews as appropriate. It should also be used to ensure that cyber security arrangements are in place to meet the Health Board's needs.

National Fraud Initiative

R9 We recommend that the Health Board put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed. We expect the Health Board to.

  a) commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019;

  b) in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data matches; and

  c) ensure that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews.

Appendix 1

Progress implementing previous recommendations

Exhibit 3: actions in response to 2017 and outstanding previous recommendations

Recommendation	Action taken in response	Completed
R1 The Health Board's Quality Impact Assessment Tool, which must be completed for schemes over £100,000 currently asks directorates to consider the impact of their savings schemes on patient safety, clinical effectiveness, patient experience and staff experience. The Health Board should extend the template to also cover the impact of large savings schemes on other directorates and services, other health bodies and external partners and organisations.	Interdependencies, both internal and external, are now requested within the Key Service Change Tracker alongside the Quality Impact Assessment Score.	Yes.
R2 We found that the Health Board's IMTP peer review process does not fully identify potential cross-directorate working opportunities and duplication. The Health Board should review and strengthen the process to better facilitate joint savings schemes and identify similar or duplicate schemes.	For 2019 to 2022, each Directorate is required to list their priorities, including any service change. These priorities will be reviewed initially by planning business partners for cross directorate working opportunities and duplication and will then by a wider Assistant Director group. This intelligence will be shared with Directorates prior to them finalising their plans.	Partly- in progress recommendation.

Recommendation	Action taken in response	Completed
R3 We found that there can be complexities to cross-directorate working, especially if directorates do not directly benefit from savings schemes. The Health Board should develop a set of principles for directorates which encourages Health-Board-wide working.	Further work has been undertaken for 2019 to 2022 to better define how cross-cutting-theme savings opportunities impact on Directorates and where the benefits are realised.	Partly – in progress recommendation.
R4 We found the Health Board has limited project management and data analytics capacity and skills to support savings planning and delivery, especially for Health-Board-wide schemes. The Health Board should review and consider enhancing current project management and data analytics capacity and skills.	The UHB is currently reviewing the scope and capacity of the Programme Management Office with a view to growing its sustainable project management capacity. This will enable projects prioritised though the IMTP planning process to be more appropriately supported through project implementation and benefits realisation.	Partly – in progress recommendation.
R5 The Health Board should further refine the IMTP reporting process to include detailed information on milestones to enable Independent Members to understand the current performance in line with expected trajectory.	The UHB has, for 18/19, reviewed how best to monitor progress against the organisations objectives as set out in the IMTP. A revised process and quarterly report was instigated for quarter 1 and 2 2018/19. This revision has been positively received by the Board.	Partly – in progress recommendation.

Recommendation	Action taken in response	Completed
R6 The Health Board should ensure there is a detailed resourced action plan to enable delivery of the Digital Health Strategy.	The Digital Health Strategy is built on a set of annual priorities expressed over a five-year strategic staircase. Over the course of this year the strategy has prioritised the development of three business cases, with two that link into national procurements: digitisation of records is a foundational commitment to digitise 1.25m medical records, the final business case has been signed off and will shortly be shared with the Welsh Government to finalise funding routes; Emergency Department system procurement is due at Board in December 2018; and the Eprescribing and underpinning pharmacy system will come to Board before the end of the financial year 2018/19.	Partly

Recommendation	Action taken in response	Completed
R7 The Health Board needs to refine the quality of its papers presented to the Quality Safety and Risk Committee; • Making the papers more succinct and focussed; and • Consider the agenda management for example, bringing more complex issues to the beginning of the committee, and moving approval of policies to the latter end of the agenda	Work is continuing with this key Committee for Cwm Taf. During the year we the Chair has been appointed as the Vice Chair of the Board and has brought a different focus to the meeting and 2 new Independent Members joined in February 2018. Following discussion between the Chair and Vice Chair during the summer two additional Independent Members have been allocated to the Committee to assist with scrutiny bringing the total number to 5 from December 2018. Work is continuing to manage the agenda and the quality of the reports which although remains work in progress has assisted the Committee during the course of the year. The work planned from December 2018 onwards on the Clinical Governance Framework and the supporting structure to the Committee should also assist. This work also includes agreeing where policies are scrutinised and discussed before formal approval is requested at the QSR or any other Board Committee.	Partly

Appendix 2

Health Board's response to this year's recommendations

Exhibit 4: management response to 2018 recommendations

Recommendation	Management response	Completion date	Responsible officer
R1 We recommend that within 12 months, the Health Board fully implements the outstanding recommendations from our previous Structured Assessment (as detailed in Appendix 1).	We fully accept this recommendation and will complete the outstanding work within 12 months	March 2020	Chief Executive Officer
R2 The Health Board should update the Scheme of Delegation to reflect the requirements of the Nurse Staffing Levels (Wales) Act to designate a senior registered nurse to calculate nurse staffing levels.	The Scheme of Delegation will be amended to reflect the requirements of the Nurse Staffing (Wales) Act	1 April 2019	Director of Nursing Midwifery and Patient Experience / Interim Board Secretary
R3 To improve risk practice and provide assurance to the Board and Committees that risks to achieving strategic objectives are effectively managed, the Health Board should: a) undertake an organisational wide review of the directorate risk registers to ensure they are up to date and reflect the current risks facing services; and b) ensure timely ongoing review of all directorate risk registers.	Fully accept the recommendation. Board Development session on risk management to be held before the Summer. The Head of Operational Health Safety and Fire will review all risk registers on Datix and work with Directorate Managers and Assistant Directors to review all risk registers and agree the process for ongoing review at Clinical /Corporate Business Meetings	To be held before the July meeting of the Audit Committee. To report to the October meeting of the Audit Committee	Director of Corporate Services and Governance / Board Secretary and all Directors with allocated risks

Recommendation	Management response	Completion date	Responsible officer
R4 To improve quality governance arrangements the Health Board should: a) ensure the Quality Steering Group meets with the appropriate frequency; b) ensure that the quality report is more explicit at highlighting quality concerns and also articulates how the Health Board is learning lessons; c) consult with the public and service users when developing the new Quality Strategy; d) improve the quality and consistency of Quality, Safety and Risk Committee papers to ensure clarity and brevity, to enable areas of concern to be identified easily, to highlight action taken to address areas of concern and to demonstrate learning; e) audit the quality, safety and risk processes within directorates to gain assurance they operate effectively; f) review the relevance of organisation policies that the Quality, Safety and Risk Committee is asked to approve and reallocate responsibility to other committees; and g) provide bespoke induction for Independent Members newly appointed to the Quality, Safety and Risk Committee to ensure effective scrutiny and understanding of quality issues.	Fully agree with the recommendation to improve quality governance a) Quality and Safety Framework developed and agreed; new sub groups to be developed. b) Quality Report to be changed and more information provided through a dashboard approach; ensure lessons are learned are disseminated across the Health Board c) Will consult with service users and the public to develop the strategy d) Improving the information for the QSR will involve the sub groups meeting to discuss the operational detail and the Chair will report back to the Committee on a range of issues which will include learning lessons e) Directorates will be required to hold Governance meetings and a template to report exceptions to a sub group of the QSR for discussion will be developed f) New sub groups will be developed to oversee and endorse policies; a report outlining the process including engagement and consultation will be clarified; the Committee will then provide final sign off.	a) March 2019 (Completed) b) July 2019 c) December 2019 d) October 2019 e) October 2019 f) Corporate by June 2019 Clinical by June 2019 Workforce (Completed)	Director of Nursing Midwifery and Patient Experience Director of Nursing Midwifery and Patient Experience Director of Nursing Midwifery and Patient Experience Director of Nursing Midwifery and Patient Experience All Directors Director of Nursing Midwifery and Patient Experience Interim Board Secretary

Recommendation	Management response	Completion date	Responsible officer
	– Corporate – Clinical – Workforce g) All IMs will have a bespoke induction programme - wider discussion on scrutiny and quality issues will take place at a Board development session.	g) July 2019 (and ongoing as required)	Interim Board Secretary
R5 The Audit Committee should ensure the tracker log records good information to enable Independent Members to review and take assurance that the recommendations are complete when removed from the tracker.	The reasons for removal of recommendations from the Audit Tracker will be clarified for IMs	July 2019	Interim Board Secretary
R6 The Audit Committee tracker should be expanded to include the recommendations of other external agencies, eg Healthcare Inspectorate Wales and the Delivery Unit.	A new tracker (based on the Audit Tracker) will be developed for recommendations of external agencies and regulators. The audit tracker is already of a considerable size and concerns were raised that adding recommendations could be lost. This new Tracker will report to the Quality Safety and Risk Committee.	June 2019	Director of Nursing Midwifery and Patient Experience / Interim Board Secretary / Operational Directors

Recommendation		Management response	Completion date	Responsible officer
R7	The Health Board should take steps to strengthen the oversight arrangements in relation to ICT and Information Governance by: a) ensuring that minutes from the Digital Health Strategy Steering group and Information Governance group are scrutinised at the Quality, Safety and Risk Committee; and b) clarifying and articulating links between information governance and ICT to strengthen the oversight and scrutiny of the Health Board's digital business.	Following discussion, the Health Board has decided to have an ICT Committee which will subsume the work of the Information Governance Group. The Committee will report to Board on all matters. a) This recommendation will not be required as the ICT Committee will report to the Board b) The new Committee will scrutinise information governance / ICT and the work in relation to the digital strategy	September 2019	ICT Lead Director / Interim Board Secretary
R8	The Health Board should develop a cyber security action plan to implement recommendations from the NHS Wales External Security Assessment and any other cyber security reviews as appropriate. It should also be used to ensure that cyber security arrangements are in place to meet the Health Board's needs.	The ICT Committee will be responsible for overseeing the development of the cyber security action plan and implement the recommendations of the external security assessment.	December 2019	ICT Lead Director

Recommendation		Management response	Completion date	Responsible officer
R9	We recommend that the Health Board put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed. We expect the Health Board to. a) commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019; b) in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data matches; and c) ensure that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews.	The HB will develop an action plan to ensure that the NFI exercises are reviewed. a) Work commenced on the data matches in February 2019 b) All high priority matches will be reviewed as well as a sample of the remaining data matches c) The NFI web application will be updated to record actions taken	October 2019	Director of Finance