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Summary

Context

1. Cardiff and Vale University Health Board (the Health Board) is responsible for the healthcare of approximately 470,000 people living in Cardiff and the Vale of Glamorgan. It also serves a wider population across South and Mid Wales for a range of specialist medical and surgical services. The Health Board employs around 14,000 members of staff and has a budget of £1.234 billion. As a teaching hospital, it has close links to the university sector.

2. Structured Assessment examines the Health Board's arrangements that support good governance and the efficient, effective and economical use of resources. As in previous years, the work in 2015 has assessed the robustness of the Health Board's financial management arrangements, the adequacy of its governance arrangements and the management of key enablers that support effective use of resources. In examining these areas, we have considered the progress made against improvement issues identified last year[1]. The audit work was structured under the following areas:

- **Financial planning and management**, including financial health, financial planning and cost improvement.
- **Arrangements for governing the business**, including strategic planning, structure, governance arrangements, performance management, internal control and information governance.
- **Enablers of effective use of resources**, including change management, workforce, assets, engagement and arrangements to use technologies to support business and service delivery.

Main conclusions

3. Our structured assessment work last year found that:

- the Health Board's IMTP for 2014-17 addressed the £19.2 million deficit incurred in 2013-14, but operational pressures and a failure to deliver planned cost savings led to the Health Board reporting a deficit of £21.4 million at the end of 2014-15;
- overall governance arrangements had continued to evolve and mature, although some aspects of arrangements could be further improved; and
- the Health Board had continued to provide the mechanisms to facilitate change and the Board was now much better informed of the significant risks associated with its assets but resources were limited and the ability to sustain change was a concern.

[1] Key areas for improvement identified in 2014 together with an assessment of progress are set out in Appendix 1 of this report.

4. During 2015, the Health Board has made progress on some issues raised previously but many issues still require further work. Our overall conclusion from the 2015 structured assessment work is that arrangements which support good governance and the efficient, effective and economical use of resources continue to evolve, but further improvement is needed particularly in relation to managing estate risks and achieving financial balance.

5. The reasons for reaching this conclusion are set out below.

Financial planning and management

6. The Health Board has an approved Integrated Medium Term Plan (IMTP), but operational pressures and a failure to identify and deliver the required cost reductions mean that it is currently forecasting a deficit of £23.2 million, compared to a planned deficit of £13.2 million at the end of 2015-16.

7. Specifically, we found:

- Financial pressures were increasingly unsustainable in 2014-15 resulting in failure by the Health Board to achieve financial balance in accordance with its approved IMTP, with a deficit of £21.4 million reported at the end of 2014-15; and
- The Health Board's financial position continues to be extremely challenging with a significant year-end deficit being forecast for 2015-16, although the Health Board is planning to reassess its year-end forecast following confirmation of additional funding from Welsh Government.

Arrangements for governing the business

8. The Board has set a clear vision and promotes an open and transparent culture through generally robust governance arrangements, but further improvements, including the continuing need to strengthen organisational capacity, are necessary.

9. In reaching this conclusion, we found:

- the Health Board's three-year strategic plan provides a solid basis for taking the organisation forward but delivery will be reliant on the Health Board managing its financial position and recognising the impact from the South Wales Plan (SWP);
- the Health Board's organisational structure is continuing to mature with evidence of an engaging and informed workforce but capacity in some corporate functions and staff acting into posts at some levels throughout the organisation continue to present challenges;
- Board effectiveness, assurance and internal controls continue to be strengthened and are largely effective although there remain some important areas which need to be addressed;
  - the Board demonstrates good strategic leadership, good conduct, effective administration and a clear commitment to openness and putting the patient at the centre;

  - the committee structure supports good governance and there is evidence of continual improvements to arrangements, but further scope exists to strengthen the People, Planning and Performance (PPP) Committee;
  - the Health Board is actively developing how management information is presented and used in support of effective scrutiny and decision making;
  - risk management arrangements have continued to be strengthened at a Board and Executive level, but capacity within the Governance team to support Clinical Boards and their directorates to identify and manage risks remains a concern; and
  - internal controls are generally effective in meeting current assurance requirements but greater oversight of action made against some external audit recommendations is needed.
- information governance remains a risk for the Health Board but governance arrangements are now starting to provide the necessary assurance; and
- the Board is appropriately informed of its performance but opportunity exists for further scrutiny within its Performance Committee and the Health Board needs to continue to demonstrate improvement against national and local targets.

Enablers of effective use of resources

10. The Health Board has set an ambitious change agenda, demonstrates strong community engagement and partnership working and has made positive progress in relation to workforce planning, but there remain significant risks around estates.

11. In reaching this conclusion, we found:

- strategic change programmes are starting to underpin the IMTP supported by a positive culture to improve but actions to drive through changes are often reliant on the Health Board commissioning external support;
- positive actions to address workforce challenges are being taken. The Health Board will need to continue to maintain the momentum to drive improvements during the period leading up to the appointment of a new substantive Director of Workforce and Organisational Development;
- the condition of the estate continues to present a significant risk to the Health Board and progress to mitigate this risk is slow, with the Health Board now non-compliant against a number of statutory requirements;
- building on the good practices we found in previous years, the Health Board has shown significant commitment to proactively engaging with patients, staff and stakeholders and continuing to build partnership working; and
- the Health Board is committed to making effective use of information systems and technology but ICT capacity and resources is limited.

12. The findings underpinning these conclusions are summarised in the next section of this report.

Recommendations

13. Recommendations arising from 2015 structured assessment work are set out below.

Arrangements for governing the business	
R1	Further refine the PPP Committee to strengthen its ability to provide appropriate levels of assurance to the Board. This should include: a. Providing more regular scrutiny of the Health Board's delivery against the three-year plan, including the Clinical Services Strategy; and b. Receipt of the summaries of the discussions following the Clinical Board Executive Performance Reviews.
R2	The Health Board should review its governance capacity, to ensure that there is sufficient capacity to enable the governance team to provide greater support to Clinical Boards around risk management, to ensure that all external action plans are appropriately monitored and that written assurances are provided to the Board on key matters arising from Committees.
R3	Attendance by the nominated Executive Officer at Clinical Board meetings needs to be improved to ensure that in their capacity as 'Independent Member' they provide appropriate scrutiny and challenge at a Clinical Board level.
Enablers of effective use of resources	
R4	The condition of the Health Board's estate is a significant risk. The Health Board now needs to accelerate its actions to ensure that its estate is fit-for-purpose and specifically, that it is compliant with statutory requirements.

Detailed findings

Arrangements which support good governance and the efficient, effective and economical use of resources continue to evolve, but further improvement is needed particularly in relation to managing estate risks and achieving financial balance

14. The findings underpinning this conclusion are summarised below, grouped under the themes of financial planning and management, arrangements for governing the business and enablers of effective use of resources. Findings highlight strengths and developments, as well as the risks and challenges still facing the Health Board.

Financial planning and management

The Health Board has an approved Integrated Medium Term Plan, but operational pressures and a failure to identify and deliver the required cost reductions mean that it is currently forecasting a deficit of £23 million, compared to a planned deficit of £13 million at the end of 2015-16

15. In reaching this conclusion, we found:

- Financial pressures were increasingly unsustainable in 2014-15 resulting in failure by the Health Board to achieve financial balance in accordance with its approved IMTP, with a deficit of £21 million reported at the end of 2014-15; and
- The Health Board's financial position continues to be extremely challenging with a significant year-end deficit being forecast for 2015-16, although the Health Board is planning to reassess its year-end forecast following confirmation of additional funding from Welsh Government.

16. The findings underpinning these conclusions are summarised in Table 1.

Table 1: 2014-15 and 2015-16 financial management

Strengths and developments	Risks and challenges
2014-15 financial position • The Health Board's three-year IMTP for 2014-15 to 2016-17 was approved by the Minister on 7 May 2014 • The plan identified a gap of £15.5 million between its annual resource allocation and its planned net expenditure for 2014-15, excluding repayment of the excess spend of £19.2 million in 2013-14. • The Welsh Government provided the Health Board with additional support of £15.5 million to support its three-year plan, which meant that the Health Board planned to achieve a breakeven position in 2014-15. • The Health Board planned to achieve cost reductions of £47.9 million in 2014-15. • Throughout the year the Health Board paid close attention to the monthly reported outturn and to the forecast year-end position.	**2014-15 financial position** • At the start of the financial year, the Health Board had identified cost reduction plans for £41.2 million, with Clinical Boards required to identify a further £6.7 million of cost reductions as the year progressed. However, Clinical Boards struggled to identify these additional cost reductions, and some of the planned cost reductions were not delivered. • In October 2014, with increasing concerns over the delivery of planned cost reductions and significant operational pressures, the Health Board changed its year-end forecast position from breakeven to a £25.1 million deficit. • At the end of the financial year the Health Board did not meet its annual revenue resource allocation with a reported overspend of £21.4 million. – This overspend is attributable to an adverse operational variance of £5.9 million and an under achievement of planned cost reductions of £15.4 million. – Cost reductions of £27.8 million had been delivered compared to a final target of £43.2 million, which had been reduced to reflect additional funding in respect of the wage award.

Strengths and developments	Risks and challenges
2015-16 financial position • The Health Board's three-year IMTP for 2015-16 to 2017-18 was approved by the Minister on 6 August 2015, subject to a number of terms and conditions. The Welsh Government is monitoring the Health Board's performance against these terms and conditions. • The plan has a gap of £33.9 million between its revenue resource allocation and its planned net expenditure over the three years. – This plan excludes recovery of the excess spend incurred in 2014-15 of £21.4 million. – It also excludes recovery of the excess spend incurred in 2013-14 of £19.2 million, which the Welsh Government confirmed in May 2015 was no longer required to be recovered. • For 2015-16, the Health Board identified cost pressures of £42 million, but the cost reductions target was set at £28.8 million, which the Health Board considered to be more realistic and achievable. This resulted in a planned gap of £13.2 million for 2015-16.	**2015-16 financial position** • At the start of the financial year, the Health Board had identified cost reduction plans for £19.3 million of the £28.8 million target, with Clinical Boards required to identify a further £9.5 million of cost reductions as the year progressed. However, Clinical Boards have again struggled to identify these additional cost reductions, and some of the planned cost reductions have not been delivered. • In August 2015, with continued concerns over the delivery of planned cost reductions and significant operational pressures, the Health Board changed its year-end forecast position from a £13.2 million deficit to a £23.2 million deficit. • At the end of November 2015, the Health Board reported a year to date overspend of £14.9 million, compared to a year to date planned overspend of £8.8 million. The additional overspend relates to: – an adverse operational variance of £1.3 million; and – an under achievement of planned cost reductions of £4.8 million against a target of £18.3 million. • The Health Board is currently forecasting a deficit of £23.2 million at the end of the financial year, with £4.1 million of planned cost reductions not yet identified. The Health Board is however planning to re-assess its year-end forecast in December 2015 following confirmation of additional funding and performance targets from the Welsh Government.

Arrangements for governing the business

The Board has set a clear vision and promotes an open and transparent culture through generally robust governance arrangements, but further improvements, including the continuing need to strengthen organisational capacity, are necessary

17. In reaching this conclusion, we found:

- the Health Board's three-year strategic plan provides a solid basis for taking the organisation forward but delivery will be reliant on the Health Board managing its financial position and recognising the impact from the SWP;
- the Health Board's organisational structure is continuing to mature with evidence of an engaging and informed workforce but capacity in some corporate functions and staff acting into posts at some levels throughout the organisation continue to present challenges;
- Board effectiveness, assurance and internal controls continue to be strengthened and are largely effective although there remain some important areas which need to be addressed;
  - the Board demonstrates good strategic leadership, good conduct, effective administration and a clear commitment to openness and putting the patient at the centre;
  - the committee structure supports good governance and there is evidence of continual improvements to arrangements, but further scope exists to strengthen the PPP Committee;
  - the Health Board is actively developing how management information is presented and used in support of effective scrutiny and decision making;
  - risk management arrangements have continued to be strengthened at a Board and Executive level, but capacity within the Governance team to support Clinical Boards and their directorates to identify and manage risks remains a concern; and
  - internal controls are generally effective in meeting current assurance requirements but greater oversight of action made against some external audit recommendations is needed.
- information governance remains a risk for the Health Board but governance arrangements are now starting to provide the necessary assurance; and
- the Board is appropriately informed of its performance but opportunity exists for further scrutiny within its Performance Committee and the Health Board needs to continue to demonstrate improvement against national and local targets.

18. The findings underpinning these conclusions are summarised in the following sections and tables.

Strategic planning

The Health Board's three-year strategic plan provides a solid basis for taking the organisation forward but delivery will be reliant on the Health Board managing its financial position and recognising the impact from the SWP

19. The findings underpinning this conclusion are summarised in Table 2. They are based on our review of the Health Board's strategic planning arrangements and the extent to which the SWP is reflected in the Health Board's IMTP.

Table 2: Strategic planning

Strengths and developments	Risks and challenges
• The IMTP has been approved by Welsh Government.	• The IMTP was not approved until August 2015 and there were a number of terms and conditions set out by Welsh Government which require the Health Board to demonstrate clear improvements in relation to performance, its financial position and service delivery. The Health Board needs to learn from this to inform the next planning cycle.
• The development of the IMTP continues to be driven by the services through the Clinical Boards, their directorates and localities. • There has been positive development of a Clinical Services Strategy, which underpins the IMTP, sets out clear direction of travel for a number of key services, is clinically driven and builds on the prudent healthcare principles. • The IMTP is comprehensive and includes a clear picture on the service level changes, targets, and anticipated outcomes for patients.	• More work is needed to provide a greater focus within the IMTP on primary care across the three-year plan building on the successful approval of its primary care plan, the only one in Wales. • The IMTP does not provide sufficient detail about the specific impact of the South Wales programme on services and what the plans are to implement the changes. This includes gaps in estate, workforce and financial modelling implications as their full implications are still being developed. • The Health Board is yet to articulate what services are likely to be provided by neighbouring health boards in the future to accommodate the increased demand from the regionalisation of services set out in the SWP.

Strengths and developments	Risks and challenges
• The Board receives a six-monthly update on implementation of the IMTP. • Early plans are in place to realign the performance report to the four key IMTP objectives set out in its 'strategy map' through the development of a balanced scorecard.	• Finance will continue to affect the delivery of the IMTP, with reliance on: – the delivery of all planned savings targets, which the Health Board itself recognises as a considerable risk; and – an additional £41.7 million funding requirement identified in relation to discretionary capital to ensure that the Health Board's assets are fit for purpose. • Greater use could be made of the PPP Committee to provide greater scrutiny and challenge of the IMTP during the year.
• There is a good approach for updating the IMTP with clear timescales for internal development and approval in place. • Capacity within the planning function has improved with planning representation on all of the Clinical Boards, supporting the development of the IMTP within and across Clinical Boards. • The Health Board has further developed its commissioning intentions to provide clarity around its expectations on all providers of services to the Cardiff and Vale populations.	• Although there is representation on all of the Clinical Boards, the extent to which members of the planning team provide expertise in strategic planning is variable.
• The Board has started to recognise its future requirements in relation to the Wellbeing of Future Generations (Wales) Act 2015 legislation and its impact on its three-year plan.	

Organisational structure

The Health Board's organisational structure is continuing to mature with evidence of an engaging and informed workforce but capacity in some corporate functions and staff acting into posts at some levels throughout the organisation continue to present challenges

20. The findings underpinning this conclusion are summarised in Table 3.

Table 3: Organisational structure

Strengths and developments	Risks and challenges
• Despite substantive gaps in the Executive team, the acting Director of Finance and interim Director of HR have contributed positively to the running of the Health Board. • Positive consideration has been given to the team dynamics within the Executive Team to inform the recruitment of the substantive HR and Finance Directors.	• The gaps in the Executive team have created additional workload pressures on existing Executive officers.
• Each Clinical Board continues to include an Executive Director to act as an 'Independent Member' to add additional scrutiny and ensure consistency with Health Board-wide objectives. • Clinical Boards are becoming more mature and where there are concerns with capacity and capability, the Health Board has adopted a mature approach to providing intervention and support through the use of 'protective administration'.	• A review of Clinical Board meetings held during 2015 identified that the nominated Executive Director was only present at 51 per cent of meetings, with no Executive Director present at any of the Board meetings for Dental and Specialist Services.
• During 2015, there has been increased capacity within a number of corporate functions including the Chief Operating Officer's team, Planning and Patient Concerns.	• Staffing levels in a number of corporate functions (ICT, Estates and Patient Experience) remain low with capacity within the Governance function remaining a substantial risk following the recent departure of another member of the team. • Representation by corporate functions on Clinical Boards is limited by capacity constraints.

Strengths and developments	Risks and challenges
• There have been positive examples of delivering leadership training to build capacity and capability within the Health Board's workforce.	• During 2015, there has continued to be a number of gaps at senior management level within the Clinical Boards and their directorates, particularly within the Clinical Board Lead Nurse role, although plans are in place to address this.
• The Big Room discussions have continued to provide a mechanism for staff to raise problems and share solutions, with a particular focus on the Health Board's top five priorities. • The use of the Clinical Summit model, Institute for Healthcare Improvement training and Clinical Services Strategy workshops have provided positive opportunities to engage with staff, with a recent staff survey identifying positive improvement on all indicators related to staff engagement.	

Board effectiveness

The Board demonstrates good strategic leadership, good conduct, effective administration and a clear commitment to openness and putting the patient at the centre

21. The findings underpinning this conclusion are summarised in Table 4.

Table 4: Board effectiveness

Strengths and developments	Risks and challenges
• The Board continues to work effectively overall with Independent Members generally providing good scrutiny and challenge. • The Board holds regular board development sessions and has recently extended attendance to include Assistant Directors.	• A number of Independent Members are due to reach the end of their appointment in 2016-17. The Board will need to ensure that it minimises any impact on the scrutiny provided by the Board through the potential loss of experience and continuity.
• Board meetings continue to be refined to ensure that the focus remains on items for discussion and approval, and agendas have been refocused to match the 'strategy map' to ensure that there are clear linkages with the IMTP.	• Board agendas have lacked scrutiny of the South Wales Programme.

Strengths and developments	Risks and challenges
• The Board is extremely open and transparent. It has frank and honest discussions around its serious incidents and has a mature relationship with the Community Health Council.	• The Board has yet to show any indication as to how it will respond to the increased demand anticipated from the SWP.
• The Board members act as a single Board and in doing so enables both Independent Members and Executive Officers to actively cross-challenge and comment.	
• The Board seeks to put the patient experience first, and the use of a patient story at the start of each meeting emphasises this. Patient experience reports are also discussed at every Board meeting.	
• The Board recognises the commitment of its staff and innovation across the Health Board. The Health Board frequently enters representatives into external awards and has its own well-developed staff awards and recognition programme.	
• The Board is well administered with all formal procedural requirements met, with the exception of the review of the Scheme of Delegation and Earned Autonomy Framework which has been deferred until the substantive Director of Finance is in post.	

Governance structures

The committee structure supports good governance and there is evidence of continual improvements to arrangements, but further scope exists to strengthen the PPP Committee

22. The findings underpinning this conclusion are summarised in Table 5.

Table 5: Governance structures

Strengths and developments	Risks and challenges
• A large majority of the business of the Board and its committees is discussed in public with minutes and supporting papers publically available.	
• Work plans for all committees and advisory groups are in place to ensure that they appropriately support the business of the Board. Action logs are also in place to track matters. • A revised board assurance framework is in place which informs the business of the Board and its committees, and which is regularly reviewed.	• Although Chairs of the relevant committees provide verbal assurance to the Board along with copies of the minutes from the meetings for information, there is opportunity to strengthen this assurance by providing a written summary of assurances and risks.
• The interface between the Audit Committee, Quality, Safety and Patient Experience (QSE) Committee and the PPP Committee has been strengthened with an observed reduction in duplication of business. • The name of the People, Performance and Delivery (PPD) Committee has been updated to People, Planning and Performance (PPP), which alongside a change in the agenda structure, provides greater emphasis on its role in scrutinising the Health Board's plans.	• The separation of people (workforce), planning and performance on the agenda is not always conducive to a holistic discussion about matters brought to the committee's attention, with Executive Officers often only present for their respective part of the agenda. The length of meetings also means that Executive Officers often leave before the meeting has concluded. • Scrutiny of planning continues to be focused on capital plans, with opportunity to extend this to the delivery of the IMTP and new Clinical Services Strategy.
• There is a strong focus on QSE across all of the committees with an open and transparent approach to managing concerns and serious incidents. The use of the patient story is also replicated at the start of the QSE Committee and within the QSE sub-groups of the Clinical Boards. • There are clear lines of accountability for quality and safety with a robust	• The business of the committees remain heavy, with lengthy agendas particularly for the QSE Committee. Greater discipline in presenting reports on time and ensuring that they meet the brief may help in ensuring that issues are dealt with in a timelier manner. • Attendance at some of the Clinical Board QSE committees and involvement by medical staff is variable.

Strengths and developments	Risks and challenges
relationship between the QSE Committee of the Board and the respective committees within each of the Clinical Boards.	
• Chairs of the Audit, QSE and PPP Committee have continued to use the findings of self-assessment exercises undertaken in 2014 to review and revise the way in which these committee operate.	

Management information

The Health Board is actively developing how management information is presented and used in support of effective scrutiny and decision making

23. The findings underpinning this conclusion are summarised in Table 6.

Table 6: Management information

Strengths and developments	Risks and challenges
• The Board and its committees has now fully implemented its Board Book system, which streamlines the format for presentation and distribution of Board and committee papers.	• The Board Book system is only available to Board members and requires all relevant papers to be included, often resulting in Board papers being quite long compared to the previous arrangement whereby detailed papers were accessible via a hyperlink. The format of papers now available to the public also means that particular papers within the agenda are less accessible given that all papers are now presented as a single book.
• Board and committee reports are generally well written and presented. Reports regularly and fairly identify strengths, issues and risks.	

Strengths and developments	Risks and challenges
• The Board and its committees receive clear information on the quality and safety of services, performance and patient experience. The Board also regularly receives assurance on coding performance to inform an understanding on the completeness of its data.	• Information presented to the Board and its committees lack information relating to the broader quality of all of the data used to inform decision making.
• Independent Members regularly demonstrate that they use information and knowledge gained through a wide range of sources, including their own experience and observation of services. This triangulates information and helps increase the rigour of scrutiny and challenge.	• Patient safety walk rounds have not been fully effective with a high cancellation rate. A plan is in place to refresh the approach to be taken.
• There is a good range of management information available, including primary and community care.	• The Health Board's information management capacity, and in particular, data analysts, to support Clinical Boards with data analysis and interpretation is below the all-Wales average and one of the lowest levels in Wales.

Risk management

Risk management arrangements have continued to be strengthened at a Board and Executive level, but capacity within the Governance team to support Clinical Boards and their directorates to identify and manage risks remains a concern

24. The findings underpinning this conclusion are summarised in Table 7.

Table 7: Risk management

Strengths and developments	Risks and challenges
• The Corporate Risk and Assurance Framework (CRAF) is a live document which is regularly considered by the Board and its relevant committees. • The Health Board was proactive in bringing together all key stakeholders to review the extreme risks contained within the CRAF, a process which it has agreed to repeat on an annual cycle to complement the development of the IMTP.	• The Health Board continues to hold a significant level of risk which it is struggling to address. This includes fragile services, an adverse financial position, a poor condition of the estate, workforce challenges and difficulty meeting a number of performance targets.

Strengths and developments	Risks and challenges
• The Board and Committee agendas are designed to focus attention on the high risks and the management Executive team are now receiving reports on high risk areas.	
• There are clear Executive level risk owners, aligned to the schemes of delegation that are identified in the risk register.	• The Health Board lacks a formal risk management strategy, and Clinical Boards and corporate services do not yet have a feel for the 'risk appetite' of the Board. The consideration of the Corporate Risk and Assurance Framework on a regular basis by the Management Executive and the inclusion of Assistant Directors in Board Development sessions will help to address this.
• There continues to be greater understanding and tolerance of risks with better ownership by Clinical Boards of risk registers.	• Risk registers at Clinical Board level are not always completed in terms of oversight arrangements and reporting of risks at directorate and locality level remains variable. • The majority of risks within service areas are owned by the Clinical Board Nurse, with less visible ownership by other members within the Clinical Board teams.
	• Capacity within the governance team to support the Clinical Boards, and directorates and localities develop their risk management framework is a concern. This also impacts on the ability for the Health Board to take assurance that action is being taken to respond to risks appropriately.
• The Health Board has now fully implemented e-Datix which is being proactively used to manage incidents.	

Internal controls

Internal controls are generally effective in meeting current assurance requirements but greater oversight of action made against some external audit recommendations is needed

25. The findings underpinning this conclusion are summarised in Table 8.

Table 8: Internal Controls

Strengths and developments	Risks and challenges
• The Health Board uses the risk management framework as a mechanism to inform and determine assurance requirements. This helps to ensure that Health Board seeks appropriate assurances through its internal control framework.	
• The Internal Audit Service plans and delivers an appropriate risk based plan.	
• Counter Fraud Services continue to provide a proactive service focussed on the prevention, detection and response to fraud and related misconduct.	
• The Health Board met its annual reporting requirements. Its Annual Quality Statement was open and transparent and provided in an easy and accessible document to the public.	
• Arrangements for ensuring probity and propriety are generally in place, including procedures for whistleblowing, declaration of interest, register of interests and declaration of gifts and hospitality. • An opportunity is provided at the beginning of every Board and Committee meeting for attendees to declare any relevant interests, and the register is openly available on the Health Board's website. • The Health Board has a centrally maintained policy and written control documents register with expiry dates clearly recorded. There are also arrangements for publishing these documents on the Internet and Intranet.	• Capacity both within the Governance and Patient Safety teams has resulted in the need to take a risk based approach to reviewing and updating risk, governance and QSE policies, with a large number of policies passing their review date. The ability to provide the necessary support to Clinical Boards and policy authors to assist in the development and review of policies is also limited. • Executives do not always actively pursue the review of out of date documents where they are the Lead Executive.

Strengths and developments	Risks and challenges
• The Health Board has taken a positive focus on embedding organisational values and behaviours.	
• There are generally effective arrangements in place to manage and respond to both internal and external audit recommendations.	• Not all action plans are monitored through to completion, such as the action plans in relation to our work on District Nursing and Orthopaedics. Also, our follow-up work on hospital catering and patient nutrition identified that whilst internal action plans identify that actions are complete, this was not always the case.
	• The clinical audit programme remains largely focused on national audits, although it is now starting to bring together local clinical audits which have more relevance to the Health Board.

Information governance

Information governance remains a risk for the Health Board but governance arrangements are now starting to provide the necessary assurance

26. The findings underpinning this conclusion are summarised in Table 9.

Table 9: Information governance

Strengths and developments	Risks and challenges
• The Health Board has a positive commitment to ICT and the Information Governance Committee is now starting to provide a good coverage of assurance on information governance matters. These are summarised as part of its reporting to the PPP Committee.	• Information Governance however remains a high risk for the Health Board with particular concerns around the management of the health record.
• The Health Board has developed an Information Governance framework with clear accountabilities and responsibilities, and key policies and procedures are now in place.	• A data quality group has been established but progress with the data quality agenda to date has been slow, largely due to the Health Board being without a full Executive team.

Strengths and developments	Risks and challenges
• An Information Governance training policy has been approved and is being implemented.	• ICT diagnostic review identified that refresher information governance training is currently not mandated and training arrangements for some temporary staff are weak.
• There are robust systems for managing information breaches in place and the Health Board has an open and transparent relationship with the Information Commissioner.	

Performance management

The Board is appropriately informed of its performance but opportunity exists for further scrutiny within its Performance Committee and the Health Board needs to continue to demonstrate improvement against national and local targets

27. The findings underpinning this conclusion are summarised in Table 10.

Table 10: Performance management

Strengths and developments	Risks and challenges
• The Board effectively scrutinises organisational performance.	
• There is an increased level of scrutiny of performance within the Clinical Boards with each now subjected to a monthly Executive Performance Review.	• Executive Performance Reviews are an opportunity to consider all aspects of performance at a Clinical Board level involving a number of Executives but meetings do not always include all Executives. • There is disconnect between the PPP committee and performance within the Clinical Boards. Consideration should be given to the Committee regularly receiving updates via the Executive Performance Reviews.

Strengths and developments	Risks and challenges
• A subjective review of the Board's recent performance report identified positive aspects including: – Good use of a scorecard to present an overview of performance, with the summary highlighting indicators where performance has improved or deteriorated. – A good mix of qualitative and quantitative information with appropriate use of charts and graphics to show current and trend performance. – Some comparative information presented in specific areas, although this tends to be against Welsh peers. – The assignment of targets to most indicators, including local performance measures. – The use of timely information. – A general indication of the corrective action in the narrative summary. – Receipt of patient experience performance based on patient feedback gained both proactively and reactively.	• A subjective review of the Board's recent performance report identified further aspects that could be considered to improve reporting including: – Bringing together the performance and financial reports into a single Integrated Report that considers the totality of performance. – Little or no use of forecasting. – Better signposting within the report and reduction in repetition. The structure does not currently match the Health Board's objectives, although plans are in place to realign the report with the core objectives set out within the IMTP. – Better use of charts and colour coding within the finance report to reduce the narrative. – Widening the coverage of the performance report to ensure that it covers the totality of the Health Board's activity. – The lack of assigned responsibilities to deliver identified actions.
• The Health Board is demonstrating a generally positive improvement in performance against national targets as part of its IMTP approval conditions.	• Performance against some key national targets particularly unscheduled care, cancer waiting times and the financial position remain problematic.

Enablers of effective use of resources

The Health Board has set an ambitious change agenda, demonstrates strong community engagement and partnership working and has made positive progress in relation to workforce planning, but there remain significant risks around estates

28. In reaching this conclusion, we found:

- strategic change programmes are staring to underpin the IMTP supported by a positive culture to improve but capacity to drive through changes are often reliant on external capacity;

- positive actions to address workforce challenges are being taken. The Health Board will need to continue to maintain the momentum to drive improvements during the period leading up to the appointment of a new substantive Director;
- the condition of the estate continues to present a significant risk to the Health Board and progress to mitigate this risk is slow, with the Health Board now non-compliant against a number of statutory requirements;
- building on the good practices we found in previous years, the Health Board has shown significant commitment to proactively engaging with patients, staff and stakeholders and continuing to build partnership working; and
- the Health Board is committed to making effective use of information systems and technology but ICT capacity and resources is limited.

29. The findings underpinning these conclusions are summarised in the following sections and tables.

Change management

Strategic change programmes are staring to underpin the IMTP supported by a positive culture to improve but actions to drive through changes are often reliant on the Health Board commissioning external support

30. The findings underpinning our conclusion are summarised in Table 11.

Table 11: Change management

Strengths and developments	Risks and challenges
• The Health Board has demonstrated its positive commitment to change through the development of its Clinical Services Strategy 'Shaping our Future Wellbeing' which is clinically driven and builds on the prudent healthcare principles.	
• The Health Board's Programme Management Office provides additional capacity to Clinical Boards to manage change. • The Health Board's continued commitment to its 'Leaner and Fitter' programme is demonstrating some positive improvements in the efficiency, effectiveness and productivity of operational services.	• Clinical Boards are not always driving the changes forward and the Health Board often requires significant investment in external consultancies to help facilitate the change, such as Newton Europe, and more recently with GE Capital, which do not always deliver the anticipated financial savings.

Strengths and developments	Risks and challenges
• Staff within the Health Board are being supported to develop the necessary skills to enable change. The Leading Improvements in Patient Safety (LIPS) programme and the Programme Management Office both train staff with the skills to deliver projects.	

Workforce

Positive actions to address workforce challenges are being taken. The Health Board will need to continue to maintain the momentum to drive improvements during the period leading up to the appointment of a new substantive Director of Workforce and Organisational Development

31. The findings underpinning our conclusion are summarised in Table 12.

Table 12: Workforce

Strengths and developments	Risks and challenges
• The Interim Human Resources Director has driven through positive improvements in workforce performance with: – sickness absence now at its lowest level in the last 20 months; – a reduction in the time to hire staff by 50 per cent; – an substantial improvement in compliance with Personal Appraisal and Development Reviews (PADR); – an improvement on the Health Board's ability to recruit.	• Despite positive improvements, specific workforce challenges continue to exist around staffing levels, filling vacancies, further reducing sickness levels in line with the Tier 1 target and compliance with mandated training. • The Interim Human Resources Director is due to leave the Health Board in early 2016. The Health Board will need to maintain the momentum during the period of transition leading up to the appointment of the new substantive Director of Workforce and Organisational Development.
• Recruitment and retention plans have been focussed on hard to fill posts to ensure safe staffing levels are in place and that the risk of fragile services is minimised. • The Health Board has engaged positively in recruitment events to improve the level of staff wanting to work for the Health Board. This has included attendance at career fairs in London, as well as the innovative use of Skype to undertake interviews with staff abroad. • A nursing establishment plan has been developed, with an annual review process embedded between Clinical Boards and the Director of Nursing.	

Strengths and developments	Risks and challenges
• The ESR Manager Self Service has been rolled out to the majority of services areas within the Health Board and a new reporting tool is being implemented to provide real-time reporting of compliance against with PADR and statutory and mandatory training.	
• The Health Board is participating in the Welsh Government initiative to increase diversity in public office, with a plan for a number of individuals to shadow Board members for a period of a year.	
• The Health Board's new organisational values and behaviours now feature within job descriptions and are being actively used to promote values based recruitment.	
• The Health Board has a good working relationship with the Partnership Forum.	

Estates and assets

The condition of the estate continues to present a significant risk to the Health Board and progress to mitigate this risk is slow, with the Health Board now non-compliant against a number of statutory requirements

32. The findings underpinning our conclusion are summarised in Table 13.

Table 13: Estates and assets

Strengths and developments	Risks and challenges
• The Board is fully sighted of the risks associated with its estate which regularly feature in risk registers for the Clinical Boards, directorate and localities, as well as external inspections. • The Assistant Director of Estates has driven through a full estates condition appraisal to establish an up-to-date and accurate position on statutory compliance and backlog maintenance. • There is a nominated Independent Member with responsibility for estates. • Positive progress has been made with a number of the Health Board's large capital schemes including the opening of the new adult mental health unit at Llandough hospital and the second phase of the Children's Hospital for Wales.	• The condition of the estate remains a significant risk with the Health Board non-compliant on a number of statutory requirements and many clinical areas are no longer fit-for-purpose. • The extent of non-compliance with statutory requirements is routinely discussed within the PPP committee, but the significance of this has not yet been escalated to the Board. • A significant level of investment is needed over and above that available through capital funds to address the condition of the estates, and funds that are available are being routinely used to react to immediate risks as opposed to longer-term maintenance and compliance. • An Internal Audit report gave limited assurance on the Health Board's arrangement to manage backlog maintenance.
• The Director of Planning recognises that the Health Board needs to think innovatively about how it will manage its estate in the future and is actively engaged with longer term strategic plans such as the 'Blue Print' for Cardiff City along with its key partners, particularly Cardiff University	• The plan to develop a Joint Estates Strategy with the Health Board and the two local authorities has not progressed.

Strengths and developments	Risks and challenges
• Remodelling of the estates team is being worked through to better align resources to the Clinical Boards. • One Clinical Board is piloting a 'handy-man' role as a way of releasing the pressure on the core estates function. • There is positive estates representation on a number of Clinical Boards.	• Capacity within the estates department remains a challenge with the Health Board recognising that posts within estates are hard to fill. • There appears to be a lack of ownership of estates issues within the Clinical Boards with a perception that all responsibility sits with the estates department.

Stakeholder engagement and partnership working

Building on the good practices we found in previous years, the Health Board has shown significant commitment to proactively engaging with patients, staff and stakeholders and continuing to build partnership working

33. The findings underpinning our conclusion are summarised in Table 14.

Table 14: Stakeholder engagement and partnership working

Strengths and developments	Risks and challenges
• The Health Board has a strong track record of seeking patients views through a wide range of methods including the 'two minutes of your time' survey, which has now been rolled out to community based services, patient and carer representation on panels, online surveys available on the Health Board's website, and feedback cards. • More recently, the Health Board sought patients' views on the naming of the new mental health unit at University Hospital Llandough. • The Health Board was the first in Wales to undertake a satisfaction survey on how complaints have been addressed. The findings of which have been used to inform the complaints process.	• Capacity within the patient experience team remains a risk but proactive discussions are taking place to look at electronic solutions to help support analysis.
• The Health Board has a mature relationship with the Community Health Council (CHC) and has recently developed a joint 'Engagement on Service Change' Flow Chart.	• The CHC has started to build a positive relationship with some Clinical Boards but engagement is less progressed with others.

Strengths and developments	Risks and challenges
• The Stakeholder Reference Group plays an active role and has provided positive and constructive comments on the Health Board's strategic plans. • Board members, particularly the Chair, are strong ambassadors for the Health Board and take every opportunity to engage with members of the Health Board's community. • Staff engagement with the Health Board's strategic plans has seen a positive improvement as referred to in Table 3. • The Health Board has taken a positive approach to stakeholder engagement on service priorities and commissioning plans, with the establishment of its commissioning intentions and this is supported by improved partnership working with its neighbouring health boards.	
• The Chief Executive Officer plays an active role in all-Wales forums, including the newly formed Emergency Ambulance Services Committee (EASC). • The Health Board is continuing to strengthen its partnership working with neighbouring health boards through the Acute Care Alliance and the wider South Wales Programme.	
• The Health Board has a mature relationship with its neighbouring local authorities through mechanisms such as the Integrated Health and Social Care Partnership Board and there are a number of practical examples where partnership working is effective, including the establishment of joint posts.	• There is a general risk that austerity and financial pressures within the local authorities may affect the level of financial commitment to partnership working.
• The Health Board continues to have a strong relationship with Cardiff University which is supported by a number of senior University officers represented on the Board.	

ICT and use of technology

The Health Board is committed to making effective use of information systems and technology but ICT capacity and resources is limited

34. The findings underpinning our conclusion are summarised in Table 15.

Table 15: ICT and use of technology

Strengths and developments	Risks and challenges
• The Health Board recognises its risks associated with the IT infrastructure and the requirements to manage those risks are set out in its 'Keeping the Lights on' 5 year plan. Additional funding was received by the Health Board in 2014-15 to address some of the Health Board's high priority areas.	• The current level of investment in ICT presents a risk to the Health Board and is below the recommended level of spend of 2 per cent of revenue budget. A significant level of investment is needed over the next 4-5 years.
	• Our diagnostic review of ICT identified that staffing levels within the Health Board are the lowest in Wales.
• There is a strong Independent Member with responsibility for informatics, who is now supported by two Executive officers following the reallocation of responsibilities from the Director of Finance role. • The Information Management Committee is starting to provide the necessary levels of assurance to the Board and plans are in place to establish a new group which will provide the necessary operational support to the Committee. • The Health Board has recognised the need to engage clinicians in the IMT agenda and plans are in place to develop a Clinical IMT Group.	
• The Health Board has taken the lead on behalf of Wales in conjunction with NHS Wales Informatics Service (NWIS) in designing and developing a number of the key national solutions in the patient pathway, including e-Referrals and e-Discharge.	• The pace of implementation of systems remains a challenge, particularly where progress is linked to all-Wales technology procurement. An example of this is the new national Community care information system, which has already been delayed across Wales.

Strengths and developments	Risks and challenges
• The Health Board has a number of positive examples of using modern technology and better information to improve service provision, such as the roll out of netbook devices to community staff, the use of telemedicine within dermatology and the use of Skype to provide professional support to District nurses.	• Our diagnostic review of ICT identified that the level of IT devices, such as laptop and PCs in ward and clinical areas was one of the lowest in Wales and access to them by clinical staff was problematic.

Appendix 1

2014 Structured Assessment Key Areas for Improvement

The 2014 structured assessment key areas for improvement and a summary of progress made against each are set out below.

Area for improvement	Assessment of progress
Financial planning and management	
• Clinical Boards struggled to identify additional cost reductions, and some planned cost reductions were not delivered. • Financial constraints were affecting the Health Board's ability to deliver its three-year plan.	In 2014, we identified that Clinical Boards and directorates felt that cost improvement plans were reasonable, but were unrealistic to deliver within financial constraints and timescales. This issue remains in 2015, but delivery of cost improvement plans to date, although still at a negative variance, are closer to the budgeted profile than in previous years.
Arrangements for governing the business	
• There was mixed attendance by Executive Officers at Clinical Board meetings with some Clinical Boards benefitting from the Independent Member role greater than others.	In 2014, we identified that Executive attendance in their role as Independent Member on Clinical Boards varied across the Executive Officers with some attending all meetings, while others not attending at all. This issue remains in 2015.
• There were a number of interim posts at Clinical Board and directorate/locality levels.	In 2014, we identified that there were a number of interim posts within the Clinical Boards and their directorates and localities which were resulting in a feeling of instability amongst staff. Although many of these posts have subsequently been filled during 2015, other posts have become vacant particularly in relation to lead nurse posts resulting in a continued use of short-term solutions to fill gaps.

Area for improvement	Assessment of progress
Arrangements for governing the business	
• There was a sense that the Health Board was only focused on acute and tertiary care, or big media issues, with concerns over the lack of recognition by the Board on the importance of the primary care plan, community services and wider health promotion and prevention	During 2015, the Board has considered its primary care plan which has been approved by Welsh Government. While the Health Board continues to be focused predominantly on its five priority areas of waiting times, unscheduled care, stroke, cancer and finances, discussion at Board and its subcommittees has started to be rebalanced to provide an increased focus on primary and community care, and prevention and health promotion.
• There were a number of issues to address in relation to the PPD Committee to ensure that it provided the necessary assurance to the Board.	During 2015, the PPD Committee was renamed to the PPP Committee to reflect its role in relation to providing scrutiny and challenge on the Health Board's plans. However, our work in 2015 has identified that the extent to which the committee scrutinises plans is only in respect of its capital plans. Scrutiny of the Health Board's performance is focused on specific issues and there is scope for the committee to provide greater scrutiny and challenge on the performance of the Clinical Boards. The structured of the agenda has been changed during the year to provide a discrete focus on the different aspects that should be considered by the committee, that is, people (workforce), plans and performance however this split is not conducive to an holistic discussion about matters brought to the committee's attention.

Area for improvement	Assessment of progress
Arrangements for governing the business	
• Capacity within the governance team to support the Clinical Boards and directorates/localities and to consider and ensure action was being taken to response to Health Board wide risks continued to be a concern.	In 2013 and 2014, we raised concerns about the capacity within the governance team which was impacting on the ability of the team to effectively support the Health Board's governance arrangements. During 2015, another member of the governance team left reducing the capacity within the governance team even further. The remaining members of the team are able to provide the minimum support needed to support the Board and its committees but more capacity is needed to provide effective support to the Clinical Boards particularly in relation to risk management and monitoring the delivery of action plans.
• There remained a number of issues in relation to quality and safety, particularly in relation to capacity to support shared learning and respond to concerns in a timely manner.	In 2014, we identified concerns in relation to the capacity within the concerns team which was impacting on the Health Board's ability to respond to concerns and complaints in a timely manner. We also identified that the Health Board struggled to continuously review Health Board-wide themes and share lessons. During 2015, the Health Board has increased its capacity within the concerns team and response times are improving, however there are still some delays in getting appropriate responses from the Clinical Boards. The QSE now holds an extraordinary committee once a year to consider common themes from concerns and complaints, and these are now being feedback to clinical boards to ensure that lessons are being learnt.

Area for improvement	Assessment of progress
Arrangements for governing the business	
• Information governance arrangements had been strengthened but there remained some key areas to be addressed.	In 2014, we identified that the Health Board had established an Information Governance committee to tackle the issues that it faced however regular training remained an issue and although there had been a data quality group set up, the work of this group remained in its infancy. During 2015, the Health Board has progressed on a number of information governance matters and both the Information Governance Committee and the Information Management Committee are starting to provide the necessary assurances to the Board through the PPP Committee. However the data quality group has not yet progressed with its agenda and the Health Board's focus on the quality of its data remains a weakness.
Enablers of effective use of resources	
• The Health Board had recognised the severe risks it faces in relation to the condition of its assets, but resources were limited and the estates department was under pressure.	In 2014, we identified that the Health Board had a significant shortfall of funds to ensure that its estates was fit-for purpose. The estates department was under resourced and morale within the team was an issue. During 2015, the Health Board has started to revisit the structure within the estates department to ensure that there is a greater alignment of capacity with the Clinical Boards however capacity remains low and morale continues to be an issue. The department has a high sickness level and is identified as a hotspot which requires attention. Funds available to address the estates risks remain limited and were funds have been made available to enable planned maintenance work to take place, these have been diverted to respond to immediate risks with estates that have arisen. Despite a clear plan to address statutory requirements, the Health Board is currently non-compliant on a number of issues.

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