



Structured Assessment 2015

Hywel Dda University Local Health Board

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Summary report

Context

1. Hywel Dda University Health Board (the Health Board) provides healthcare services to the population of Carmarthenshire, Ceredigion and Pembrokeshire estimated to be around 384,000 people. The Health Board had revenue expenditure of £780 million in 2014-15 and employed close to 10,000 staff.
2. The Structured Assessment examines the Health Board's arrangements which support good governance and the efficient, effective and economical use of resources. As in previous years, our 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. 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; and
 - **enablers of effective use of resources**, including change management, workforce, engagement and use of technology to support business and service delivery.
3. Early in 2015, the Health Board commissioned an external review of its governance arrangements. The review built on the findings of our 2014 Structured Assessment and on work previously undertaken by the Health Board. The purpose of the external review was to identify how the Health Board could strengthen its governance arrangements. The external review report was published in April 2015 and identified a total of 58 recommendations. These covered structure and remit of the governance team, effectiveness of the Board and its committees, complaints and incidents management and reporting, assurance process robustness, managing risk and partnership/inter-organisational governance arrangements. Good progress is being made by the Health Board in implementing these recommendations although the Health Board has extended the deadlines for meeting some of the recommendations.
4. We have taken appropriate account of the external governance review findings and progress against the recommendations in undertaking our structured assessment work.

Main conclusions

5. Last year's structured assessment indicated that whilst a number of governance and use of resources arrangements were broadly sound, work to strengthen some aspects needed to be progressed alongside the development and agreement of a clear IMTP. Last year, the Health Board faced significant financial pressures and did not achieve financial balance. During 2015, the Health Board has made progress in addressing some of the risks and challenges identified in our 2014 structured assessment recommendations and a summary of progress is set out in [Appendix 1](#).
6. Our overall conclusion from our 2015 structured assessment work is that arrangements to support good governance continue to evolve although there remain a number of fundamental issues that the Health Board needs to address. Achieving financial balance remains a challenge and the Health Board faces some significant risks and performance needs to be improved. The reasons for reaching this conclusion are set out below.

Financial planning and management

7. The Health Board has a sound approach to in-year financial management, although financial breakeven was not achieved in 2014-15 and is very unlikely to be achieved in 2015-16. A key challenge for the Health Board is to develop a clear strategic direction through the IMTP.
8. Specifically, we found:
 - In 2014-15, the Health Board had a sound approach to in-year financial management. However, it did not achieve a balanced financial position and despite receiving additional funding from the Welsh Government, the Health Board reported a £7.5 million deficit. The Health Board did not have an approved three-year IMTP.
 - The Health Board did not set a balanced financial position for 2015-16 and is currently forecasting an out-turn deficit position of £32.5 million with savings plans expected to show a significant under-achievement at the year-end. As in 2014-15, the Health Board does not have an approved three-year IMTP.

Arrangements for governing the business

9. The Health Board has continued to strengthen governance arrangements and has built a more open and engaging culture. However, progress on some issues has been slow and fundamental issues still need to be addressed including agreeing a clear strategic plan and strategic objectives, establishing a Board assurance framework and improving performance.
10. In reaching this conclusion, we found:
- There is not an approved IMTP although the Health Board has an annual plan and has strengthened its planning approach. However, capacity constraints, gaps in clinical engagement to support strategic planning and leadership along with the pace of transformation present risks.
 - Changes to executive portfolios have strengthened accountability but the benefits of organisational restructure have not been fully realised across acute hospitals and capacity of some corporate and operational management functions is constrained.
 - The Board demonstrates greater openness and transparency, a commitment to strengthen governance and quality improvement but there are some key gaps yet to be addressed.
 - Important changes to the structure and operation of Board committees have strengthened overall governance and assurance although there remain opportunities for improvement.
 - The Health Board continues to develop its management information to support effective decision making and scrutiny but it is work in progress with some key issues yet to be addressed.
 - Risk management arrangements have been strengthened but need to further evolve. The Health Board continues to hold a significant level of risk which it is striving to address.
 - Internal controls are generally effective in meeting assurance requirements.
 - While information governance has been strengthened the Health Board has not fully addressed the issues raised in previous audits and risks remain.
 - Performance management arrangements have been strengthened although there remain further opportunities for improvement. Many performance targets are not being met.

Enablers of effective use of resources

11. The Health Board is better at engaging staff, local people and partners but still faces significant risks around its workforce, ICT capacity and change management.
12. In reaching this conclusion, we found:
 - while there are examples of positive service change, the supporting change management infrastructure needs strengthening;
 - the Health Board has taken a number of actions to understand and address its workforce priorities but there remain a number of significant workforce risks;
 - the Health Board's approach to collaborative working continues to be strengthened although more needs to be done to demonstrate the impact;
 - the Health Board continues to strengthen its staff and public engagement and there are signs of greater trust although the Health Board recognises that this needs to be continuously worked on; and
 - the Health Board has given greater priority to improving ICT infrastructure but lack of investment and funding means it remains a risk.
13. The findings underpinning these conclusions are summarised in the next section of this report.

Recommendations

14. The external governance review made a total of 58 recommendations. A number of the areas covered are common to the areas covered by Structured Assessment and progress against these is reflected within the detailed sections of this report. The Health Board needs to deliver any remaining external governance review recommendations within the agreed timelines to minimise any governance risks.
15. The detailed sections of this report also identify a number of improvement opportunities alongside the developments and improvements that the Health Board is already progressing, but based on our 2015 Structured Assessment work, a number of specific recommendations are set out in the table below.

Financial planning and management

- R1 Clarify the financial planning assumptions underpinning the 2016-17 IMTP, given increasing cost pressures, growing funding gap and overall risk that the plan will not be financially balanced.

Arrangements for governing the business

- R2 By April 2016 the Health Board needs to agree its strategic objectives and clearly align these objectives to its three-year IMTP.
- R3 By May 2016 the Health Board needs to have published a robust Board Assurance Framework that outlines the different flows of assurance and organisational control mechanisms from service level to Board with clear linkages to its three-year IMTP.
- R4 The Health Board needs to clearly articulate an overarching clinical services strategy as part of its overall strategic direction.
- R5 Review and revise the operational structure to ensure that it is able to deliver the aims of the previous operational restructure. Any changes to the structure should look to ensure that there is sufficient operational management capacity to enable it to effectively and efficiently deliver the Health Board's strategic and operational goals.
- R6 Strengthen quality governance and scrutiny:
- 6a ensure that the QSEAC subcommittees provide the appropriate level of oversight of quality governance issues, provide the necessary level of assurance and make better use of exception reporting;
 - 6b ensure that any reports going to QSEAC from its subcommittees are of consistent quality and make better use of exception reporting; and
 - 6c put in place sustainable measures to ensure that complaints and incidents are responded to and addressed in a timely way and at the same time put in measures to address the backlog of complaints and incidents that has again built up.

Enablers of effective use of resources

- R7 Carry out a risk assessment regarding the adequacy of organisational capacity and capability to support strategic developments, change management and strategic partnership and engagement work, alongside service delivery and performance improvement. Put measures in place to address specific risks that arise from this work.
- R8 Further strengthen clinical engagement and leadership capacity to support and drive strategic planning and change along with performance improvement.
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Detailed findings

Arrangements to support good governance continue to evolve although there remain a number of fundamental issues that the Health Board needs to address.

Achieving financial balance remains a challenge, the Health Board faces a number of significant risks and performance needs to be improved.

16. 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 a sound approach to in-year financial management, although financial breakeven was not achieved in 2014-15 and is very unlikely to be achieved in 2015-16. A key challenge for the Health Board is to develop a clear strategic direction through the IMTP.

17. In reaching this conclusion, we found:
- For 2014-15, the Health Board had a sound approach to in-year financial management. However, the Health Board did not achieve a balanced financial position in 2014-15, despite receiving additional funding from the Welsh Government, reporting a £7.5 million deficit. The Health Board did not have an approved three-year IMTP.
 - The Health Board did not set a balanced financial position for 2015-16 and is currently forecasting an out-turn deficit position of an out-turn deficit position of £32.5 million with savings plans being over ambitious and expected to show a significant under-achievement at the year-end. The Health Board does not have an approved three-year IMTP.
18. The findings underpinning these conclusions are summarised in [Table 1](#).

Table 1: financial management

Strengths and developments	Risks and challenges
<p>2014-15 financial position</p> <p>In 2014-15, monthly budget monitoring and reporting to the Welsh Government, Board and departments was robust, comprehensive and timely.</p> <p>The Health Board prioritised significant estates risks and it achieved its Capital Resource Limit of £25.5 million.</p>	<p>2014-15 financial position</p> <p>Over recent years, the Health Board has achieved significant financial savings. The approved budget for 2014-15 was not set to achieve a balanced financial position, with an initial predicted deficit of £56.7 million with identified savings of only £13 million.</p> <p>At the year-end, the 2014-15 revenue resource allocation was not met, with an overspend of £7.5 million despite receipt of additional funding of £38.7 million from the Welsh Government and the withdrawal of the requirement to repay the £19.2 million deficit carried forward from 2013-14.</p> <p>For 2014-15, reported savings exceeded the revised target of £10 million by £4.9 million. However, savings were significantly less than the £23.5 million achieved in 2013-14.</p> <p>For 2014-15 the Health Board did not meet its statutory duty requiring it to have a Welsh Government approved three-year IMTP.</p>
<p>2015-16 financial position</p> <p>In 2015-16, the Health Board's monthly budget monitoring and reporting to the Welsh Government, Board and departments continued to be robust, comprehensive and timely.</p> <p>The Health Board is addressing the significant estate risks and is on course to meet its Capital Resource Limit of £10 million.</p>	<p>2015-16 financial position</p> <p>For 2015-16, the Health Board did not set a balanced budget, with the Board approving a proposed deficit position of £25.6 million, including a very challenging savings target of £24.5 million.</p> <p>At month six of 2015-16, the Health Board is predicting a deficit position at year-end between an out-turn deficit position of £32.5 and £41 million.</p> <p>Underlying recruitment difficulties are a key contributor to the worsening financial position and it is very unlikely financial balance will be achieved at year-end.</p> <p>The £7.5 million deficit brought forward into 2014-15 has not been accounted for in current predictions, so should this require repayment in 2015-16 the deficit position will be increased further.</p> <p>The Health Board has struggled to deliver very ambitious planned Cost Improvement</p>

Strengths and developments	Risks and challenges
	<p>Plans (CIPs). CIPs set for 2015-16 are currently below profile and are likely to show a significant under-achievement at year-end. Of the total budgeted £24.5 million savings, only £15.2 million (62 per cent) have so far been identified as specific schemes. As at month six, actual savings are £3.6million against a profile of £6.7 million (54 per cent). For 2015-16 the Health Board did not meet its statutory duty requiring it to have a Welsh Government approved rolling three- year IMTP.</p>

Arrangements for governing the business

The Health Board has continued to strengthen governance arrangements and has built a more open and engaging culture. However, progress on some issues has been slow and fundamental issues still need to be addressed including agreeing a clear strategic plan and strategic objectives, establishing a Board assurance framework and improving performance

19. In reaching this conclusion, we found:

- There is not an approved IMTP although the Health Board has an annual plan and has strengthened its planning approach. However, capacity constraints, gaps in clinical engagement and leadership along with the pace of transformation present risks.
- Changes to executive portfolios have strengthened accountability but the benefits of the organisational restructure have not been fully realised across acute hospitals and management capacity is a constraint.
- The Board demonstrates greater openness and transparency, a commitment to strengthen governance and quality improvement but there are some key gaps yet to be addressed.
- Important changes to the structure and operation of Board committees have strengthened overall governance and assurance although there remain opportunities for improvement.
- The Health Board continues to develop its management information to support effective decision making and scrutiny but it is work in progress with some key issues yet to be addressed.

- Risk management arrangements have been strengthened but need to further evolve. The Health Board continues to hold a significant level of risk which it is striving to address.
- Internal controls are generally effective in meeting assurance requirements.
- While information governance has been strengthened the Health Board has not fully addressed the issues raised in previous audits and risks remain.
- Performance management arrangements have been strengthened although there remain further opportunities for improvement. Many performance targets are not being met.

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

Strategic planning

There is not an approved IMTP although the Health Board has an annual plan and has strengthened its planning approach. However, capacity constraints, gaps in clinical engagement to support strategic planning and leadership along with the pace of transformation present risks.

21. The findings underpinning this conclusion are summarised in [Table 2](#).

Table 2: strategic planning

Strengths and developments	Risks and challenges
<p>The Health Board has actively engaged with the Welsh Government to strengthen its intermediate term planning.</p> <p>In the absence of an approved three-year IMTP, the Health Board is working to an annual plan.</p> <p>The approach to strategic planning and development of the future IMTP have been strengthened:</p> <ul style="list-style-type: none"> • strategic planning responsibilities have been redefined; • there is greater transparency and Board assurance about planning; and • there are improved processes for IMTP planning. <p>A refreshed early 'first cut' 2016 IMTP was discussed at the November 2015 Board:</p> <ul style="list-style-type: none"> • the plan builds on the previous IMTPs; • it takes into account national planning requirements as well as key local 	<p>The Health Board did not receive ministerial approval for its 2015 IMTP. The key reasons included:</p> <ul style="list-style-type: none"> • an absence of strategic options and a preferred strategic direction; • aspirational actions and a lack of clarity on the outcomes the Health Board was trying to achieve; • delivery and performance outcomes for the next three years were not clearly set out and there was no clear trajectory on performance; • workforce plans were not robust, including the management of workforce risks/shortages; • financial planning needed strengthening with a 'greater level of granularity' linking to service and workforce plans; and • the IMTP showed a deficit of some £170 million across the three years and the capital allocations were not in line with the

Strengths and developments

priorities;

- there is a greater focus on public health and prevention along with prudent healthcare;
- the importance of collaboration with key partners is acknowledged; and
- the Health Board has made a conscious decision to focus on stabilising and innovating services the first instance rather than transforming services.

The Health Board has successfully reorganised and transformed its women's and children's services and is progressing some other innovative service changes.

These include amongst others:

- the Prince Philip Hospital front of house new unscheduled care model; and
- the Cardigan Integrated Care Centre which aims to provide primary, community, social care and third sector services and facilities for people living in all three counties of Carmarthenshire, Ceredigion and Pembrokeshire.

Risks and challenges

Welsh Government's assumptions.

There are a number of risks and challenges in developing the 2016 IMTP:

- the timescales are extremely challenging;
- while there are benefits to stabilising and innovating services, some services may need to be transformed before they can stabilise;
- there are good examples of 'bottom up' planning and clinical engagement, but it is not yet consistent across the Health Board;
- planning team capacity is stretched from a number of other major planning commitments;
- operational capacity and capability to support planning activities is a constraint for some services;
- there are gaps in clinical leadership to support and drive strategic planning and change; and
- uncertainty remains over financial planning assumptions and these are in discussion with the Welsh Government.

The Health Board does not yet have an overarching clinical services strategy that clearly articulates how clinical services will be delivered across the Health Board.

The absence of an agreed IMTP and overarching clinical service strategy makes it difficult to develop meaningful longer-term workforce, financial and asset management strategies.

While the Health Board has a clear Mission Statement which broadly aligns to the Outcomes Framework, it has not yet agreed its strategic objectives. The Health Board plans to put these in place once the IMTP has been agreed.

Organisational structure

Changes to executive portfolios have strengthened accountability but benefits of organisational restructure have not been fully realised across acute hospitals and capacity of some corporate and operational management functions is constrained

22. The findings underpinning this conclusion are summarised in [Table 3](#).

Table 3: organisational structure

Strengths and developments	Risks and challenges
<p>Executive Director portfolios have been amended following the external governance review – this has strengthened accountability.</p>	<p>The limited capacity of some of the directors' supporting structure is a concern as it could hamper delivery of key objectives within their portfolios.</p> <p>More generally across the Health Board, senior and middle management capacity and capability remain a concern for some services.</p>
<p>Since August 2015, changes have been made to strengthen the medical model of care across the Health Board. This arose from the need to maintain a '24/7' acute medical service at Witybush Hospital following the loss of Core Medical Trainees earlier in the year.</p> <p>In recent months, short-term temporary measures have been taken to provide on-site senior management support and guidance to address operational issues as they arise. The 'three at the top' model managerial, medical and nursing support successfully helped address day-to-day service challenges. The Health Board put this model in place as an interim measure with plans to review after six months.</p>	<p>The 2014 organisational restructure aimed to provide more consistent care, a greater sense of cohesion and improve performance and efficiency. These aims have not been fully achieved:</p> <ul style="list-style-type: none">• the restructure has not been successful in removing 'silo' working particularly in the acute sector;• performance and efficiency remain a challenge; and• the Health Board is not yet achieving its ambition of operating as one hospital over four sites. <p>The interim 'three at the top' model has created some confusion with lines of reporting and accountability.</p>

Board effectiveness

The Board demonstrates greater openness and transparency, a commitment to strengthen governance and quality improvement but there are some key gaps yet to be addressed

23. The findings underpinning this conclusion are summarised in [Table 4](#).

Table 4: board effectiveness

Strengths and developments	Risks and challenges
<p>The Board is committed to being honest and improving values and behaviours:</p> <ul style="list-style-type: none">• there is a much more of an open and transparent culture being led from the top;• Board and committee papers are publically available and the Health Board regularly publishes an informative stakeholder briefing; and• work is progressing to develop organisational values and behaviours. <p>Schemes of delegation have been strengthened following the external Governance Review.</p> <p>The Health Board has made good progress with Board development and Independent Member training.</p>	<p>A Board Assurance Framework is in development but progress has been slow. The Health Board acknowledges that the interim Board assurance framework does not yet articulate the different flows of assurance and organisational control mechanisms from service level to Board. The Health Board plans to address this once the IMTP is agreed. Any further delays after this would create risks and gaps in governance arrangements.</p>
<p>The Board has been strengthened and operates more effectively. It is now the main decision-making forum:</p> <ul style="list-style-type: none">• board meetings rotate across the counties with a focus on local as well as Health Board wide issues;• there is much greater focus on risk, with greater openness, transparency and honesty about the issues discussed;• there is a well-balanced agenda and papers are available well in advance; and• there is good scrutiny and challenge.	

Strengths and developments	Risks and challenges
<p>The Board is committed to improving patient experience and service quality. Progress has been made with:</p> <ul style="list-style-type: none"> • concerted action taken to address historic backlog and the quality of responses to complainants continues to improve; • clear examples of systematic learning from concerns; and • a focus on proactively gathering and using patient feedback with a real time pilot in December 2015. 	<p>Some aspects of patient experience and service quality need further strengthening:</p> <ul style="list-style-type: none"> • timeliness of complaints and incidents responses still need improvement as a significant backlog has again built up; and • there remain opportunities for the Health Board to strengthen its learning from the claims that it receives.

Governance structures

Important changes to the structure and operation of Board committees have strengthened overall governance and assurance although there remain opportunities for improvement

24. The findings underpinning this conclusion are summarised in [Table 5](#).

Table 5: governance structures

Strengths and developments	Risks and challenges
<p>Governance of the Board's committees has been strengthened:</p> <ul style="list-style-type: none"> • the Health Board has revised its Board Committees to better support effective scrutiny, reduce duplication and ensure better linkages and coordination across committees; • each committee has clear recently updated terms of reference; • there is clear alignment with executive portfolios; • the Independent Member chairs are committed and very engaged in their role; • there is generally good challenge and scrutiny, evidence of honest and self-critical debate; and • agenda management is generally good. <p>The number of 'in-committee' meetings has significantly reduced although the Health Board needs to consider how it can reduce these further to help demonstrate openness</p>	<p>The volume of papers continues to be a challenge across the Board and its committees. While the quality of committee papers has improved some do not provide the necessary assurance. Committees are increasingly less tolerant of this and authors are often asked to provide greater assurance. More focused support and training is needed for report authors.</p> <p>The purpose of papers does not always match the recommendation to the committee, for example, some papers state for discussion when the committee is being asked to endorse.</p>

Strengths and developments	Risks and challenges
and transparency.	
The Audit and Risk Assurance Committee (ARAC) works effectively with a stronger focus on assurance and holding to account.	
The Business Planning and Performance Assurance Committee (BPPAC) has further evolved to ensure that it is able to provide assurance to the Board on planning and performance arrangements, actions and progress. The now monthly meetings focus alternatively on planning and performance.	
The Quality, Safety and Experience Assurance Committee (QSEAC) is now more strategic and focused on gaining appropriate assurances.	However, QSEAC is still not always getting the right level of assurance from its subcommittees and there still needs to be better use of exception reporting in some areas.

Management information

The Health Board continues to develop its management information to support effective decision making and scrutiny but it is work in progress with some key issues yet to be addressed

25. The findings underpinning this conclusion are set out in [Table 6](#). This section focuses on management information and more specifically the health boards performance reports.

Table 6: management information

Strengths and developments	Risks and challenges
<p>Much work has gone into improving the way that performance is reported to support decision making and scrutiny. The Health Board has stated its intentions to report performance in a more integrated way to make it easier to get a rounded picture of performance. There is a clear commitment to continuously develop and improve management information.</p> <p>Detailed performance reports go to the Board and BPPAC covering performance, finance and workforce. The performance report is in two parts. Part one focuses on the six Welsh Government deliverables and</p>	<p>As yet the Health Board has not achieved its aim of reporting performance in an integrated way. The Health Board acknowledges that a better executive summary is needed to capture the key issues. The December 2015 performance report now includes an integrated summary of unscheduled care services which highlights the key issues. Going forward areas for improvement include:</p> <ul style="list-style-type: none"> • better linkages to the annual plan and, when agreed, the IMTP; • greater use of external benchmarking; • removal of duplication across the various

Strengths and developments	Risks and challenges
<p>part two provides performance information covering the entire delivery framework.</p> <p>Positive aspects include:</p> <ul style="list-style-type: none"> • clear structure around the different domains; • the use of colour coding and RAG (Red, Amber, Green) ratings; • most indicators have targets attached but are mostly for national measures; and • the use of narratives and exception reporting which provides details of proposed actions. <p>Independent members show good understanding of data and a willingness to ask for more information or changes to presentation.</p> <p>The Health Board is planning to develop a business intelligence unit to support development of intelligent metrics which will form part of the Programme Management Office which is yet to be developed.</p>	<p>reports which would also reduce the length of the reports; and</p> <ul style="list-style-type: none"> • consistent use of formats, styles and colour coding. <p>More is needed to triangulate information, understand impacts across performance, quality and safety, finance and workforce and move towards more outcome focused reporting.</p> <p>The QSEAC dashboard which continues to evolve does not yet provide the committee with the appropriate quality assurances.</p> <p>Community and primary care information reported to Board committees is limited. The community domains are still being developed.</p> <p>It is unclear what assurances the Board and its committees receive on data quality. This was identified as a concern previously.</p>

Risk management

Risk management arrangements have been strengthened but need to further evolve. The Health Board continues to hold a significant level of risk which it is striving to address.

26. The findings underpinning this conclusion are summarised in [Table 7](#).

Strengths and developments	Risks and challenges
<p>In response to recommendations from the external Governance Review, the Health Board has made a number of changes that have strengthened its risk management arrangements.</p> <p>The improvements have been outlined in the revised Risk Management Strategy and Policy. The document is clear and includes all of the key expected elements including articulation of the Boards risk appetite.</p> <p>Board development workshops have supported Board members understanding of risk and risk appetite.</p>	<p>The Health Board continues to hold a significant level of risk which it is striving to address including fragile services, adverse financial position, condition of the estate, workforce challenges and difficulty meeting many performance targets. Many of these are longstanding risks.</p> <p>The Health Board has not yet agreed its strategic objectives. As such it is not yet able to align risks to the strategic objectives. It acknowledged that once agreed the risk registers will need to be aligned to them.</p> <p>The Health Board has not yet progressed work with partners to identify report and</p>

Strengths and developments	Risks and challenges
<p>ARAC is now the key committee responsible for overseeing risk management arrangements and the corporate risk register on behalf of the board Where risks exceed six months' tolerance, executives will be called to account.</p> <p>The Board is now of the view that it is aware of all its key risks which previously was not the case.</p> <p>It has strengthened its reporting of the most extreme risks through the corporate risk register. The register is publically available. A high-level front-end summary of the risks would help readers understanding of the key issues.</p> <p>The Health Board promotes the integration of risk management at strategic and operational levels. Risk owners have been trained and supported to enable them effectively identify, score and articulate risks.</p> <p>The Health Board aims to use the risk register functions that are within DATIX to further strengthen risk management.</p>	<p>manage risk. A conscious decision was made to pause to take account of forthcoming legislative changes in the Social Services & Wellbeing Act (Part 9 – Partnership Regulations). All actions will be completed by March 2016 in light of this.</p> <p>The Health Board needs to do more to ensure that relevant committees more explicitly consider relevant corporate risks that are in their domain of responsibility.</p>

Internal controls

Internal controls are generally effective in meeting assurance requirements

27. The findings underpinning this conclusion are summarised in [Table 8](#).

Table 8: internal controls

Strengths and developments	Risks and challenges
<p>Internal controls are generally effective:</p> <ul style="list-style-type: none"> • effective counter fraud service; • financial systems, probity, SFIs and SOs are operating effectively; and • Annual Governance Statement (AGS) and Annual Quality Statement (AQS) are reported in line with requirements and robust scrutiny arrangements are in place. <p>The AQS is publicly accessible, user friendly with an online and print version.</p> <p>Internal Audit provides a good level of service although it is acknowledged that the internal audit plan will need to be reviewed following</p>	<p>The Health Board needs to more regularly consider the AGS throughout the year as part of the assessment of the effectiveness of the Board assurance framework, once this is in place.</p> <p>The external Governance Review recommended rotation of senior Internal Audit staff which the Health Board is looking into.</p> <p>The Health Board needs to remain vigilant that the roles and responsibilities of the Director of Governance post and the Board Secretary do not create any conflict of</p>

Strengths and developments	Risks and challenges
<p>agreement of organisational objectives and the assurance framework.</p> <p>A Director of Governance, Communications and Engagement has recently been appointed. The Health Board secured agreement for this change to the standing orders with Welsh Government. The Board Secretary reports to this post but is accountable to the Chair.</p> <p>The Health Board is progressing relevant recommendations from the external governance review although some timelines have been extended. Some of the extensions have been to account for changes to legislation.</p> <p>Clinical audit effectiveness has been strengthened in the past year and is now more focused on risk and national audits.</p> <p>We are currently reviewing the Health Board's gifts and hospitality arrangements and will comment on this at a later date.</p>	<p>interest. The Health Board is establishing a working protocol.</p>
<p>The Health Board is in the process of further improving its processes for tracking recommendations from external bodies.</p> <p>There has been a tracking log of Wales Audit Office and internal audit report actions for some time with a structured process of review through the previous Audit Committee. However, the pace of improvement was slow, some actions would slip off the tracker and senior manager ownership was variable. The Health Board is strengthening its approach and all external and internal audit recommendations will be tracked in one place.</p> <p>The new tracker is work in progress and the aim is to bring the tracker to the March 2016 ARAC.</p>	<p>While the quality of management responses has improved it is still inconsistent and the quality of some management responses is poor.</p> <p>Progress is being made in addressing previous recommendations, although the pace of improvement in some areas remains slow.</p> <p>The Health Board will need to ensure that processes for scrutinising and holding executives and senior managers to account on the recommendations and actions through Board Committees and ultimately through ARAC are robust.</p>

Information governance

While information governance has been strengthened the Health Board has not fully addressed the issues raised in previous audit and risks remain

28. The findings underpinning this conclusion are summarised in [Table 9](#).

Table 9: information governance

Strengths and developments	Risks and challenges
<p>There are a number of positive aspects to information governance arrangements:</p> <ul style="list-style-type: none">• The Information Governance Sub Committee provides a good vehicle for information governance and scrutiny.• There is now a greater corporate focus.• An emerging informatics strategy links the risks of a poor infrastructure to information governance and identifies actions needed to address this. An Informatics Strategy update will go to the January Board meeting. <p>Some improvements have been made following our Information Governance follow up and Information Backup arrangements reports. This includes:</p> <ul style="list-style-type: none">• greater executive commitment;• production of a strategy for information assurance; and• a number of back up arrangements have been strengthened and the Health Board has put in place a contract with an external provider to strengthen its Disaster/Recovery and Business Continuity arrangements.	<p>There are a number of continuing risks concerning information governance:</p> <ul style="list-style-type: none">• Inadequate information backup arrangements in place for all its clinical and patient administrative systems.• Until the Disaster Recovery/Business Continuity improvement actions are complete this continues to present a risk to the Health Board.• The pace of improvement in addressing data quality arrangements has been slow. There is insufficient evidence to demonstrate that effective corporate and operational data quality arrangements are in place across the whole Health Board, they are consistently applied or that assurance to the Board is robust. <p>Other risks include the very limited Information Governance Department resources with just one member of staff. The Health Board has recognised this as a significant risk to the organisation and has identified an urgent need to develop a robust structure. A paper outlining the issues, a proposal for a new structure and the financial implications is due to be presented to the executive team for consideration.</p> <p>The Health Board has identified that it has a total of 8,622 databases. While the number of these databases does not present a problem the Health Board does not know who owns these and what they are used for. A web based questionnaire is being developed to inform this.</p>

Performance management

Performance management arrangements have been strengthened although there remain further opportunities for improvement. Many performance targets are not being met.

29. The findings underpinning this conclusion are summarised in [Table 10](#).

Table 10: performance management

Strengths and developments	Risks and challenges
<p>There is now clearer accountability and regular performance review meetings:</p> <ul style="list-style-type: none">• changes to the executive portfolio and named senior responsible officers have strengthened accountability;• the Chief Executive's monthly performance reviews focuses on targets and flow and holds operational teams to account; and• the enhanced monitoring position means that there is frequent Welsh Government scrutiny and challenge.	<p>Capacity is a constraint at both a corporate and operational level, with shortfalls in the performance and informatics corporate team hampering the development of the Programme Management Office.</p> <p>Acute services operational pressures and management capacity constraints are also proving a barrier to improvement and crisis management has become the norm.</p> <p>Despite improvements in some areas performance remains below target in a number of areas and the Health Board is struggling to address key performance challenges particularly in acute services.</p>
<p>A new performance management framework is being developed with a Programme Management Office to be supported by a business intelligence unit. Additional capacity and support is being provided from Welsh Government to support the Health Board in the development of better systems and information.</p> <p>Concerted action has been taken to strengthen performance reporting, in terms of content, the timeliness and alignment of performance information.</p> <p>The Health Board is working to address key performance areas and various actions are underway for example:</p> <ul style="list-style-type: none">• Waiting times (RTT) with:<ul style="list-style-type: none">– weekly RTT meetings; and– considering how resources or patients could be moved across the Health Board to support earlier treatment.	<p>Amongst others these include:</p> <ul style="list-style-type: none">• Deteriorating four hour A&E waiting times performance and A&E 12-hour targets not met. Performance is not achieving the Health Board's operational plan profile in all cases although progress is being made in some areas.• Over 6,000 patients waiting longer than 36 weeks for their treatment although there has been a slight improvement over last year. Key factors for longer waits in some specific speciality include an imbalance in capacity and demand.• Low take-up of influenza vaccinations for patients.• High Clostridium difficile infection rates. Although the rate had reduced in November 2015.

Strengths and developments	Risks and challenges
<ul style="list-style-type: none"> • Work to improve infection rates for example: <ul style="list-style-type: none"> – root cause analysis/enhanced surveillance; and – associated antimicrobial stewardship work within secondary and primary care is underway. 	

Enablers of effective use of resources

The Health Board is better at engaging staff, local people and partners but still faces significant risks around its workforce, ICT capacity and change management

- 30.** In reaching this conclusion, we found:
- while there are examples of positive service change, the supporting change management infrastructure needs strengthening;
 - the Health Board has taken a number of actions to understand and address its workforce priorities but there remain a number of significant workforce risks;
 - the Health Board’s approach to collaborative working continues to be strengthened although more needs to be done to demonstrate the impact;
 - the Health Board continues to strengthen its staff and public engagement and there are signs of greater trust although the Health Board recognises that this needs to be continuously worked on; and
 - the Health Board has given greater priority to improving ICT infrastructure but lack of investment and funding means it remains a risk.
- 31.** We have not reported on the Health Board’s use of estates in this year’s Structured Assessment as we are currently undertaking a local review of estates which we will report on in early 2016.
- 32.** The findings underpinning these conclusions are summarised in the following sections and tables.

Change management

While there are examples of positive service change, the supporting change management infrastructure needs strengthening

33. The findings underpinning our conclusion are summarised in [Table 11](#).

Table 11: change management

Strengths/developments	Challenges/risks/opportunities
<p>In the absence of a medium- to long-term strategy there are a number of positive examples of service change and planning. These include amongst others:</p> <ul style="list-style-type: none">• the Prince Philip Hospital unscheduled care front of house scheme;• reconfiguration of maternity, neonatal and paediatric services;• ongoing work to strengthen community services and provide care closer to home; and• proposals to transform mental health services. <p>Common success factors include good public involvement. The approach to transforming mental health services has been from the bottom up with coproduction with users, good clinical engagement and partnership working, clear communication and effective planning with clear milestones and accountability.</p>	<p>Current barriers to successful change management include the lack of:</p> <ul style="list-style-type: none">• dedicated programme management/project management capacity;• limited informatics analyst capacity;• corporate and operational capacity constraints; and• operational staff training in change management methodologies. <p>It is essential that the Health Board learns lessons from the successful schemes and from those that are less successful and puts in place the capacity and skills to successfully manage change going forward.</p>

Workforce

The Health Board has taken a number of actions to understand and address its workforce priorities but there remain a number of significant workforce risks

34. The findings underpinning our conclusion are summarised in [Table 12](#).

Table 12: workforce

Strengths/developments	Challenges/risks/opportunities
<p>The Health Board has good workforce information on which to inform its actions although there remain gaps in the primary care information.</p> <p>Workforce priorities are known and clearly identified with actions being taken to address. These include workforce sustainability, workforce redesign, sickness and wellbeing, and employee relations.</p> <p>The Health Board has proactively strengthened its approach to recruitment with success in a number of areas.</p> <p>The Health Board has engaged with over a third of its staff to agree organisational values and behaviours. Values based recruitment has been used in recent director and senior management appointments.</p>	<p>Staffing levels and vacancies are creating significant financial and service risks.</p> <p>The Health Board is taking a number short-term actions to maintain services and reduce risks but the workforce position is extremely fragile.</p> <p>Turnover of staff is high with the Health Board's turnover being the second highest in Wales between the periods of June 2014- March 2015.</p> <p>The Health Board has become increasingly reliant on bank and agency staff to fill both nursing and medical staffing gaps. This is at a significant cost to the Health Board. Increasing use of agency staff can create quality and safety risks. However, the initial findings of our temporary staffing review have not identified any major concerns.</p> <p>Medical staffing shortfalls continue to put pressure on the sustainability of services in some specialities and sites.</p>
<p>Progress is being made in a number of workforce management areas:</p> <ul style="list-style-type: none"> • good progress is being made on updating workforce policies; and • focused action has been taken to improve completion of performance development reviews (PADRs). 	<p>In the absence of an agreed IMTP the Health Board does not yet have an overarching workforce strategy and plan. Although the Health Board intends to include this as part of the IMTP.</p> <p>A more strategic approach is needed to address the significant workforce shortfalls. There remain issues with workforce management that still need to be addressed in terms of:</p> <ul style="list-style-type: none"> • The level of PADRs and mandated training is still too low. The Health Board states this is due to poor reporting of PADR and mandatory training through

Strengths/developments	Challenges/risks/opportunities
	<p>ESR although it acknowledges that there is more to do to increase rates.</p> <ul style="list-style-type: none"> The benefits of ESR and e-rostering are not being realised. <p>Sickness absence rates are in excess of the Welsh Government target with a Health Board wide cumulative sickness rates of 5.73 per cent in September 2015.</p>

Partnership working

The Health Board’s approach to collaborative working continues to be strengthened although more needs to be done to demonstrate the impact

35. The findings underpinning our conclusion are summarised in [Table 13](#).

Table 13: partnership working

Strengths/developments	Challenges/risks/opportunities
<p>The Health Board continues to demonstrate its commitment to collaborative working with statutory partners, NHS Organisations, and others, such as the Third Sector. It describes partnership as intrinsic to everything they do. Partnership working with the three local authorities is good. The diversity of the each means that partnerships work in different ways. There are good examples across all with effective operational and strategic partnership working with Carmarthenshire and Pembrokeshire with a number of joint appointments. Within Ceredigion there are also a number of examples of innovative partnership working.</p> <p>The Health Board has developed strong relationships with Abertawe Bro Morgannwg University Health Board (ABMUHB) and Welsh Ambulance Service Trust (WAST) and is actively working with them to strengthen operational and longer-term strategic solutions.</p> <p>The ARCH¹ programme is being developed in partnership with Swansea University and Abertawe Bro Morgannwg University Health</p>	<p>There are some risks and challenges:</p> <ul style="list-style-type: none"> The sheer number of partnerships and collaboratives presents a challenge in terms of ensuring that the Health Board is adequately represented at an appropriate level. Also in terms of ensuring cohesion across the various partnership arrangements and plans. <p>The Health Board recognises that it needs to do more to articulate partnership risks and mitigation as well as reporting and scrutiny of performance outcomes. As commented on in the section on risk management the Health Board intends to address this by March 2016.</p>

¹ [A Regional Collaboration for Health](#)

Strengths/developments	Challenges/risks/opportunities
<p>Board. The proposals set out an ambitious longer-term strategy to increase health, wealth and well-being of people in South West Wales.</p> <p>Work is being progressed with the Mid Wales Healthcare Collaborative² of which the Health Board is the host organisation.</p> <p>There are also tangible improvements in the relationship with the Community Health Council.</p>	

Stakeholder engagement

The Health Board continues to strengthen its staff and public engagement and there are signs of greater trust although the Health Board recognises that this needs to be continuously worked on

36. The findings underpinning our conclusion are summarised in [Table 14](#).

Table 14: stakeholder engagement

Strengths/developments	Challenges/risks/opportunities
<p>There is clear senior leadership commitment to strengthening and maintaining a dialogue with the public and staff.</p> <p>The Health Board is actively engaging its public and staff through a number of different approaches:</p> <ul style="list-style-type: none"> • staff are encouraged to attend Board meetings which rotate across the localities; • the Board is now more visible across the Health Board's sites and locations with regular walkabouts and visits; and • frequent 'Let's Talk Health' events provide an opportunity for the public to talk to members of the Board. <p>The Health Board has reported on the issues raised in Let's Talk Health events and identified how the public's views have made a difference.</p> <p>Through its engagement activities and its behaviours the Health Board has been successful in achieving greater levels of trust</p>	<p>The trust that is being developed will need to be continuously built on to ensure the good progress is not lost.</p>

² [The Mid Wales Healthcare Collaborative](#)

Strengths/developments	Challenges/risks/opportunities
<p>with its local population and many of its staff. While there are good examples of clinical engagement, the Health Board recognises that there remain opportunities for further engagement.</p>	

ICT and use of technology

The Health Board has given greater priority to improving ICT infrastructure but lack of investment and funding means it remains a risk

37. The findings underpinning our conclusion are summarised in [Table 15](#). The above conclusion is drawn from work we have previously undertaken in 2015 on ICT capacity and resources, and a follow up review of progress that has been made in implementing recommendations from previous IM&T audits.

Table 15: ICT and use of technology

Strengths/developments	Challenges/risks/opportunities
<p>There is clear executive leadership for information technology and clearer lines of accountability.</p> <p>An emerging IM&T Strategy was presented to the July 2015 Board. This Health Board acknowledges that this needs to be finalised and incorporated into the IMTP.</p> <p>Our ICT capacity and resources review show:</p> <ul style="list-style-type: none"> • Around average staffing levels. The Health Board believes that the staff are stretched as they have to work across the four hospital sites. • Average spend on ICT but below the recommended level. • Risks from the volume of stock classed as out of life. • Clinical ICT systems are not supporting clinicians to do their job efficiently and as effectively as they could be. • There is a general lack of confidence in ICT systems. 	<p>Insufficient Health Board investment and discretionary capital funding means that the ICT infrastructure continues to be inadequate for meeting the Health Boards current and future needs.</p> <p>The Health Board recognises the significant risks posed by the current infrastructure both in governance, operational and patient terms. The emerging strategy proposes a number of national and local developments to resolve these risks.</p> <p>In the short-term the Health Board has prioritised its ICT risks and has committed to funding the key risks.</p> <p>In the longer term, the Health Board has estimated that £12 million over the next five years is needed to address the issues. This will be the subject of a Business Case.</p>

Appendix 1

Progress against the 2014 structured assessment risks and challenges

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
1: Financial planning and management	
Financial challenges and living within resource limit.	The Health Board has maintained its generally sound financial management systems, arrangements and good in-year monitoring processes. But increased cost pressures, an unapproved IMTP and a growing funding gap present significant risk that financial performance may slip further.
2: Arrangements for governing the business	
Addressing the weaknesses and issues identified in the Health Board's strategic planning arrangements and the 2015 three-year IMTP.	Progress has made towards addressing many of the identified issues but as outlined within the detail of this report a number of risks remain.
Strengthening important aspects of the Boards effectiveness, assurance and internal controls.	Much progress has been made in addressing the key risks and issues identified last year and these have been outlined in the detail of this report. However, while arrangements are generally effective some fundamental issues still need to be addressed; this includes agreement of clear strategic objectives and a Board Assurance Framework.
Ensuring that the organisational structure achieves its aims of providing more cohesive, consistent care and improve performance and efficiency.	While some improvements have been achieved, the organisational structure has not achieved its original aims and in some areas could be acting as a barrier to further improvement.

Area for improvement	Assessment of progress
<p>Triangulate performance information to understand the impact across performance, quality and finances and move towards outcome-focused reporting. Ensure that community and primary care performance are routinely reported to the Board.</p>	<p>Progress has been made and the Health Board is moving closer towards integrated reporting but there remain gaps and community services and primary care performance is not routinely reported on.</p>
<p>The Health Board continues to strengthen its quality governance but management of concerns remained an issue with timeliness a particular concern and a more systematic approach to organisational learning needed.</p>	<p>Focused action has been taken with clear improvements made. However, further work is needed to establish and embed a more sustainable organisational approach to providing timely responses and ensuring that new backlogs do not build up.</p>
<p>Information governance still needs to be addressed.</p>	<p>While some progress has been made a number of previous actions remain outstanding and risks remain.</p>
<p>3: Enablers of effective use of resources</p>	
<p>Workforce planning, workforce management and reducing workforce risks.</p>	<p>Progress has been made in a number of areas. Workforce information has improved, measures to improve recruitment have been successful, actions have been taken to increase low level of PDRs. However, risks and issues remain. There is not yet an overarching workforce plan, the Health Board continues to experience significant workforce gaps, PDRs and mandatory training is not at the level it should be and the benefits of electronic systems such as e-rostering and ESR are not being realised.</p>
<p>The ICT infrastructure is inadequate for meeting the Health Board's current and future needs.</p>	<p>Although progress has been made with greater priority being given to addressing the risks, insufficient investment and discretionary capital means that the ICT infrastructure continues to be inadequate for the Health Board's current and future needs.</p>

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