

## Structured Assessment 2023 – Hywel Dda University Health Board

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# Summary report

## About this report

- 1 This report sets out the findings from the Auditor General's 2023 structured assessment work at Hywel Dda University Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement under section 61 of the Public Audit (Wales) Act 2004 to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources.
- 2 Our 2023 structured assessment work took place at a time when NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies are also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. More than ever, therefore, NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to themselves, the public, and key stakeholders that the necessary action is being taken to deliver high-quality, safe, and responsive services, and that public money is being spent wisely.
- 3 At the time of our review, the Health Board was also managing several significant challenges:
  - it continues to be in targeted intervention for planning and finance and enhanced monitoring for quality issues related to performance resulting in long waiting times and poor patient experience <sup>1</sup>;
  - in August 2023, the Health Board declared an internal major incident<sup>2</sup> on discovering Reinforced Autoclaved Aerated Concrete (RAAC) at Wthybush Hospital, resulting in the closure of six wards and several department areas to allow remedial works. To mitigate the impact, patients were moved to South Pembrokeshire Hospital and parts of Wthybush Hospital unaffected by RAAC<sup>3</sup>; and
  - last year the Health Board submitted its Programme Business Case to the Welsh Government, which support proposals to build a new urgent and planned care hospital in line with its long-term strategy. The decision is

<sup>1</sup> Under the Joint Escalation and Intervention Arrangements, Welsh Government officials meet Audit Wales and Healthcare Inspectorate Wales at least twice a year to discuss the performance of each health body. There are four escalation levels: routine arrangements, enhanced monitoring, targeted intervention, and special measures.

<sup>2</sup> Declaring an internal major incident allows the Health Board to stand up its command-and-control structures (Gold, Silver, and Bronze).

<sup>3</sup> At the time of writing, the Health Board planned to reopen three wards by December 2023.

pending a clinical review, which the Welsh Government commissioned to support its decision making. This took place in summer 2023.

- 4 The key focus of the structured assessment work has been on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on Board transparency, cohesion, and effectiveness, corporate systems of assurance, corporate approach to planning, and corporate approach to financial management. We have not reviewed the Health Board's operational arrangements as part of this work.
- 5 Our work has been informed by our previous structured assessment work, which has been developed and refined over several years. It has also been informed by:
  - Model Standing Orders, Reservation and Delegation of Powers;
  - Model Standing Financial Instructions;
  - relevant Welsh Government health circulars and guidance;
  - the Good Governance Guide for NHS Wales Boards (Second Edition); and
  - other relevant good practice guides
- 6 We undertook our work between June and November 2023. The methods we used to deliver our work are summarised in **Appendix 1**. We also provide an update in this report on the Health Board's progress in addressing outstanding recommendations identified in previous structured assessment reports in **Appendix 2**.

## Key findings

- 7 **Overall, we found that the Health Board has generally effective corporate arrangements, however, it is facing significant performance and financial challenges.**

### Board transparency, effectiveness, and cohesion

- 8 We found that **the Board and its committees continue to operate effectively, maintaining focus on public transparency, good governance, and continuous improvement. There are opportunities to further enhance arrangements for patient safety walkabouts, and whilst the Board is cohesive, a period of significant change will need to be well managed to ensure this is maintained.**
- 9 The Board continues to have a strong commitment to public transparency. Board meetings are well publicised, and members of the public can observe meetings in-person or virtually. Private Board and committee sessions are reserved for the most sensitive matters, with private Board agendas and a high-level summary of discussions published online. There is an opportunity for the Health Board to adopt this arrangement for committee meetings as well. Whilst committee meetings are not promoted in the same way as Board meetings, members of the public can observe committee meetings on request.

- 10 The Board and its committees continue to work effectively, with up-to-date terms of reference and work programmes, which are well aligned to the Health Board's strategic objectives, planning objectives and risks. Board and committee meetings are well chaired, follow agreed processes and run to time, with good support from the corporate governance team. The Board and committees continue to receive good quality and timely papers, and interactive tools to support effective scrutiny assurance and decision making. Robust arrangements remain to support the effective conduct of Board and committee business. However, whilst the Board is stable and cohesive, it is experiencing significant changes which will need to be well managed. The robust approach to Board development and improvement provides good foundations to manage this change, and the Health Board is doing all it can to ensure a smooth transition.
- 11 The Board has maintained its commitment to hearing from patients and staff, through patient and staff stories, maintaining the Speaking Up Safely Process and Working in Confidence platform, encouraging staff networks and promoting staff recognition schemes. Board members have maintained regular patient safety walkabouts, but we found opportunities to clarify the Patient Safety Walkabout process with new Independent Members.

## Corporate systems of assurance

- 12 We found that **the Health Board has maintained and enhanced corporate systems of assurance related to risk and recommendation tracking, and there is appropriate Board oversight. The approach to overseeing the quality and safety of services is improving. Whilst corporate oversight of organisational performance is strong, there is scope to strengthen assurance on the effectiveness of performance management systems.**
- 13 The Health Board continues to have a mature approach to overseeing its Board Assurance Framework and has further strengthened oversight and assurance on its risk management arrangements by renewing its Risk Management Strategy and introducing a six-monthly risk assurance report. Strong corporate level oversight and scrutiny of organisational performance has been maintained, and the Board has approved the Improving Together performance management framework, however, there is scope to strengthen assurance on the effectiveness of performance management systems.
- 14 The Health Board is improving its approach to overseeing the quality and safety of services and since last year has revised its Quality Improvement Strategic Framework. The Health Board is taking appropriate steps to ensure compliance with the new duties of quality and candour and robust arrangements for tracking audit and review recommendations remain.

## Corporate approach to planning

- 15 We found that **the Health Board has maintained its focus on its long-term vision, and development and delivery of the Annual Plan are supported by appropriate oversight. However, opportunities remain to strengthen the oversight of other corporate plans, further improve the planning objectives and review capacity to support planning activities.**
- 16 The Health Board continues to have a focus on delivering its long-term vision, and development of plans, such as the Annual Plan and Clinical Services Plan, is supported by appropriate corporate oversight and Board scrutiny. However, given the scale of the Health Board's challenges, its future planning requirements and the need to support routine annual and service planning, we remain concerned about capacity to support these activities. The Health Board is taking steps to address these concerns, through an action plan developed in response to a Welsh Government commissioned independent review of the Health Board's planning arrangements.
- 17 The Health Board's arrangements to oversee delivery of its Annual Plan remain robust, supported now by a set of 23 streamlined planning objectives, instead of 75. The planning objectives are set against four domains and eight strategic planning goals; however, they do not explicitly align to the Health Board's six overarching longer-term strategic objectives, making monitoring arrangements less clear. Opportunities also remain to articulate expected outcomes for planning objectives and strengthen oversight of other corporate plans other than the Annual Plan.

## Corporate approach to managing financial resources

- 18 We found that **despite a clear process for financial planning, and reasonable arrangements for managing and monitoring the financial position, the Health Board's financial position is extremely challenging for 2023-24.**
- 19 The Health Board did not achieve its revenue financial duties for 2022-23 and will continue to not achieve them in 2023-24. Working to a planned financial deficit of £112.9 million for 2023-24, the Health Board was reporting an adverse variance of £15.6 million against its revenue resource limit at Month 6. In recent weeks, the Health Board has subsequently been informed that additional monies will be made available to reduce the agreed deficit control total to £48 million. However, this is based on the Health Board delivering against its initial forecast position, which in October 2023 it formally recognised that it would be unlikely to achieve.
- 20 The Health Board has a clear process for financial planning, with good involvement from the Board, although the development and delivery of its savings plan is a challenge. The Health Board requires savings of £19.5 million, with a gap in identified savings of £6.6 million reported at Month 6. The Health Board has appropriate arrangements for financial management and controls, but ongoing pressures are resulting in overspends. The Health Board continues to have good

arrangements for monitoring and scrutinising its financial position, although scrutiny is focused on the Director of Finance. Much greater scrutiny on the wider executive team is needed regarding the financial position.

## Recommendations

21 **Exhibit 1** details the recommendations arising from our work. The Health Board's response to our recommendations is summarised in **Appendix 3**.

### Exhibit 1: 2023 recommendations

#### Recommendations

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##### Enhancing public transparency

R1 We found that Public Board papers include a high-level summary of private Board meetings. To further enhance transparency, this arrangement should be extended to private committee meetings through individual committee assurance reports received by the Board.

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##### Board member patient safety walkabout

R2 Board members conduct regular Patient Safety walkabouts, supported by a member of the patient safety team who takes notes, with a clear process to provide feedback to visited services and monitor actions points. However, those we interviewed were unclear about what happened after the visit. The Health Board should clarify the Patient Safety Walkabout process with new Independent Members.

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##### Performance management arrangement assurance

R3 Given the Health Board is under the Welsh Government's Enhanced Monitoring arrangements for some service areas, there is scope to demonstrate the effectiveness of the Improving Together Framework. The Health Board should develop a mechanism for periodically providing assurance that its performance management arrangements are working as intended.



## Recommendations

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### Aligning planning and strategic objectives

- R4 The Health Board has taken steps to better articulate its planning objectives in its 2023-24 Annual Plan, by streamlining the planning objectives and setting them against eight strategic planning goals and four domains. However, the domains and strategic planning goals do not explicitly align to the Health Board's six overarching strategic objectives, as detailed in its Board Assurance Framework (BAF) and Integrated Performance Assurance Report (IPAR) dashboards. As part of the next planning cycle, the Health Board should more explicitly set out how each of its planning objectives link to its strategic objectives.
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### Financial scrutiny

- R5 Whilst there is a good level of scrutiny on the financial position within the Sustainable Resources Committee, the scrutiny has predominantly been focused on the Director of Finance. Whilst this has improved in recent meetings with members of the Core Delivery Group and the Financial Control Group now in attendance, the Health Board needs to do more to ensure scrutiny by Independent Members is appropriately focused across all members of the executive team.

# Detailed report

## Board transparency, effectiveness, and cohesion

- 22 We considered whether the Health Board's Board conducts its business appropriately, effectively, and transparently.
- 23 We found that **the Board and its committees continue to operate effectively, maintaining focus on public transparency, good governance, and continuous improvement. There are opportunities to further enhance arrangements for patient safety walkabouts, and whilst the Board is cohesive, a period of significant change will need to be well managed to ensure this is maintained.**

## Public transparency of Board business

- 24 We considered whether the Board promotes and demonstrates a commitment to public transparency of board and committee business. We were specifically looking for evidence of Board and committee:
- meetings that are accessible to the public;
  - papers being made publicly available in advance of meetings;
  - business and decision-making being conducted transparently; and
  - meeting minutes being made publicly available in a timely manner.
- 25 We found that **the Board continues to have a strong commitment to public transparency.**
- 26 Last year, we reported that the Health Board continues to have a strong commitment to public transparency. These arrangements remain unchanged. The Health Board continues to promote Board meetings on its website and on social media. Members of the public can observe meetings in-person or virtually via the livestream. In addition, meetings are recorded and available via the Health Board website straight after the meeting. However, committee meetings are not promoted in the same way as Board meetings, nor are they livestreamed. The Health Board reported this was a conscious decision taken in consultation with the Board, primarily related to the additional resources needed to livestream and record meetings. However, members of the public can observe committee meetings on request.
- 27 Board and committee papers continue to be published on the Health Board website seven days in advance of meetings. The number of late papers is kept to a minimum. As recommended last year (**Appendix 2 R1a 2022**), since January 2023, unconfirmed Board and committee minutes are published on the Health Board's website soon after the meeting. The minutes are approved by the appropriate chair and lead executive before uploading to the website, and then officially confirmed at the next meeting.
- 28 The Health Board continues to reserve private Board and committee sessions for the most sensitive matters and as recommended last year (**Appendix 2 R1b 2022**), the Board publishes its private agendas on its website in advance of the

meeting. Public Board papers also include a high-level summary of private Board discussions, in the Committee Update Report<sup>4</sup>. To further enhance transparency, this arrangement should be extended to private committee meetings through individual Committee Assurance Reports received by the Board (**Recommendation 1**). We have continued to observe open and honest discussions at Board and committee meetings.

## Arrangements to support the conduct of Board business

- 29 We considered whether there are proper and transparent arrangements in place to support the effective conduct of Board and committee business. We were specifically looking for evidence of a formal, up-to-date, and publicly available:
- Reservation and Delegation of Powers and Scheme of Delegation in place, which clearly sets out accountabilities;
  - Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
  - policies and procedures in place to promote and ensure probity and propriety.
- 30 We found that **robust arrangements remain to support the effective conduct of Board and committee business**.
- 31 Standing Orders, Scheme of Reservation and Delegation, and Standing Financial Instructions continue to be reviewed and receive Board approval<sup>5</sup>, following scrutiny by the Audit and Risk Assurance Committee (ARAC). Up-to-date versions of all these documents are available on the Health Board's website.
- 32 Declarations of interest remain a standing item on all Board and committee agendas, and we continue to observe compliance. ARAC maintains annual scrutiny of arrangements for declaring, registering, and handling interests, gifts, hospitality, and sponsorship. As recommended last year, up-to-date versions of these registers and the standards of behaviour policy are now available on the Health Board's website (**Appendix 2 R1c 2022**). The Health Board also has good processes in place to ensure policies are kept up to date and supported by appropriate oversight arrangements.

<sup>4</sup> The Committee Update Report summarises Board and committee meetings that are not reported individually. For example, Remuneration and Terms of Service Committee, Mental Health Legislation Committee, advisory group meetings and private Board meetings.

<sup>5</sup> The Board approved the Scheme of Delegation in May 2023, and the Standing Orders, which includes the Scheme of Reservation and Delegation and Standing Financial Instructions in July 2023.

## Effectiveness of Board and committee meetings

- 33 We considered whether Board and committee meetings are conducted appropriately and effectively. We were specifically looking for evidence of:
- an appropriate, integrated, and well-functioning committee structure in place, which is aligned to key strategic priorities and risks, reflects relevant guidance, and helps discharge statutory requirements;
  - Board and committee agendas and work programmes covering all aspects of their respective Terms of Reference as well being shaped on an ongoing basis by the Board Assurance Framework;
  - well-chaired Board and committee meetings that follow agreed processes, with members observing meeting etiquette and providing a good balance of scrutiny, support, and challenge; and
  - committees receiving and acting on required assurances and providing timely and appropriate assurances to the Board.
- 34 We found that **Board and Committee meetings are conducted appropriately and effectively and remain focused on strategic risks and objectives.**
- 35 The Board and its committees continue to work effectively, with up-to-date terms of reference and work programmes. These are well aligned to the Health Board's strategic objectives, principal risks, as set out in the Board Assurance Framework (BAF) and corporate risks.
- 36 Board and committee meetings are well chaired, follow agreed processes and run to time, with good support from the Corporate Governance Team. We have observed robust and constructive challenge with members unafraid to highlight areas where they do not feel assured by the information presented or by explanations provided by officers. This reflects the maturity of the Board and is evidence of a constructive relationship between Independent Members and Executive Directors. It also reflects the unprecedented challenges the Health Board is facing, particularly regarding finance, workforce, and its estate. Committee chairs continue to meet every two months following each cycle of meetings, and arrangements for cross referral of issues and escalation of matters to the Board remain strong. The Board receives good quality committee assurance papers, which summarise key discussions and decisions. Committee Assurance Reports include supporting documents for matters endorsed by committees and needing Board approval. This shows that appropriate reliance is placed on committee scrutiny and provides a clear record of decision making.

## Quality and timeliness of Board and committee papers

- 37 We considered whether the Board and committees receive timely, high-quality information that supports effective scrutiny, assurance, and decision making. We were specifically looking for evidence of:

- clear and timely Board and committee papers that contain the necessary/appropriate level of information needed for effective decision making, scrutiny, and assurance.

38 We found that **the Board and its committees continue to receive good quality, timely papers, and interactive tools to support effective scrutiny, assurance and decision making.**

39 The Health Board has maintained the use of the SBAR<sup>6</sup> cover reports, which are generally well written and continue to focus on key issues. The SBAR reports, particularly related to risk and performance information<sup>7</sup>, are supported by interactive tools that Independent Members can access and explore to support their understanding and strengthen scrutiny.

40 No issues were raised about the timeliness of papers. On occasions, updated papers are issued just prior to the meeting to ensure Independent Members have the most up-to-date information. For example, if the Health Board receives correspondence from the Chief Executive of NHS Wales after papers have been issued, the paper bundle is updated and reissued to include this letter. On the whole interviewees were complimentary about the quality of Board and committee papers. After each committee meeting, Independent Members and the Board Secretary have a debrief. This gives Independent Members the opportunity to raise any concerns, including about the quality of individual papers.

## **Board commitment to hearing from patients/service users and staff**

41 We considered whether the Board promotes and demonstrates a commitment to hearing from patients/service users and staff. We were specifically looking for evidence of:

- the Board using a range of suitable approaches to hear from patients/service users and staff.

42 We found that **the Board has maintained its commitment to hearing from patients and staff, but there are opportunities to enhance arrangements for patient safety walkabouts.**

43 The Board continues to hear from patients at each meeting through its Improving Patient Experience Report, which includes patient story videos and soundbites covering a range of services. Relevant committees also continue to receive staff and patient stories, namely the Quality, Safety and Experience Committee (QSEC) and the People, Organisational Development and Culture Committee (PODCC).

<sup>6</sup> Situation, Background, Assessment, Recommendation.

<sup>7</sup> Board Assurance Framework Dashboard and Integrated Performance Assurance Report Dashboard.

- 44 Board members have maintained regular Patient Safety walkabouts, and those we interviewed were positive about these arrangements. During the visit, a member of the Patient Safety Team takes notes, with a clear process to provide feedback to visited service areas, monitor action points, and feed into the Quality Assurance Report received by QSEC. However, interviewees were unclear about what happened after the visit, so there is an opportunity to clarify the process with new Independent Members (**Recommendation 2**).
- 45 In April 2023, Internal Audit issued a reasonable assurance report on its patient experience review. The review made two medium priority recommendations, related to formally launching the Charter for Improving Patient Experience and fully implementing and training staff on the CIVICA patient experience system.
- 46 More broadly, the Board maintains a range of processes to listen to and engage staff. For example, the Health Board's Speaking Up Safely Process and Working in Confidence platform which allows staff to, respectively, raise patient safety and staff related concerns confidentially. The Health Board also encourages staff networks such as the BAME and LGBTQ+ networks and promotes staff recognition schemes. The Board tries to maintain visibility outside of the patient safety walkabouts too, for example, Board members regularly visited Withybush Hospital to support staff dealing with ward closures after the discovery of Reinforced Autoclaved Aerated Concrete (RAAC).

## Board cohesiveness and commitment to continuous improvement

- 47 We considered whether the Board is stable and cohesive and demonstrates a commitment to continuous improvement. We were specifically looking for evidence of:
- a stable and cohesive Board with a cadre of senior leaders who have the appropriate capacity, skills, and experience;
  - the Board and its committees regularly reviewing their effectiveness and using the findings to inform and support continuous improvement; and
  - a relevant programme of Board development, support, and training in place.
- 48 We found that **whilst the Board has been stable and cohesive, it is going through a period of significant change which will need to be well managed. However, the robust approach to Board development and improvement provides a good foundation to manage this change.**
- 49 The Health Board has had a stable and experienced Board but at the time of reporting is going through a period of significant change. The Board Chair retired in October 2023, with the Vice-Chair taking over on an interim basis until her departure in March 2024. Delays with the public appointments' recruitment process, means the Chair was unable to have a handover period with her substantive replacement. However, the Vice-Chair acting up on an interim basis provides continuity in the short term. Since our previous structured assessment,

the Board has also gained two new Independent Members, for local government and legal, plus a Strategic Advisor for finance; starting in November 2022, September 2023 and June 2023 respectively. There have also been changes within the executive team, with a new Director of Public Health and a new Director of Therapies and Health Science, starting in July and November 2023 respectively. The Director of Nursing, Quality and Patient Experience is retiring in December 2023 and interim arrangements are in place. The Chief Executive is leaving in February 2024, with arrangements in place for the Deputy Chief Executive to act up on an interim basis. Changes to the Board membership will need to be managed well to ensure stability continues, and good working relationships between Independent Members and Executive Directors are maintained.

- 50 The Board maintains a robust approach to learning, development, and continuous improvement. This provides a good foundation for upholding a stable Board. Independent Members continue to have good access to training and Board development opportunities and feel well supported by the Chair (and now the Interim Chair). The Board development programme, which includes a mixture of internally and externally facilitated sessions, is dynamic, allowing the Board to respond to live issues.
- 51 The Health Board has strong arrangements for reviewing its effectiveness, which draws on internal and external sources of assurance, committee self-assessments and the Board's self-review against a maturity matrix, which has remained at level 4<sup>8</sup> out of 5 for 2022-23. For the 2023-24 effectiveness review, the Health Board is trialling a new approach with a refreshed committee self-assessment survey which will be followed up by a group discussion to get a deeper understanding of any issues. QSEC is currently piloting the revised approach. The Health Board is also formalising Independent Member debrief sessions after each committee, by introducing a template, which will help ensure continuous review. These enhancements are a further demonstration of the Board's commitment to learning and improvement.

## Corporate systems of assurance

- 52 We considered whether the Health Board has a sound corporate approach to managing risks, performance, and the quality and safety of services.
- 53 We found that **the Health Board has maintained and enhanced corporate systems of assurance related to risk and recommendation tracking, and there is appropriate Board oversight. The approach to overseeing the quality and safety of services is improving. Whilst corporate oversight of organisational performance is strong, there is scope to strengthen assurance on the effectiveness of performance management systems.**

<sup>8</sup> Level 4 on the maturity matrix is described as 'we have well developed plans and processes and can demonstrate sustainable improvement throughout the service'.

## Corporate approach to overseeing strategic and corporate risks

- 54 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising strategic and corporate risks. We were specifically looking for evidence of:
- an up-to-date and publicly available Board Assurance Framework (BAF) in place, which brings together all the relevant information on the risks to achieving the organisation's strategic priorities/objectives;
  - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks;
  - an appropriate and up-to-date risk management framework in place, which is underpinned by clear policies, procedures, and roles and responsibilities;
  - the Board providing effective oversight and scrutiny of the effectiveness of the risk management system; and
  - the Board providing effective oversight and scrutiny of corporate risks.
- 55 We found that **the Board continues to have a mature approach to overseeing risks to achieving strategic objectives, and oversight and assurance on its operational and corporate risk management arrangements have strengthened.**
- 56 The Board continues to review its Board Assurance Framework (BAF) at every other meeting, with deeper scrutiny provided at appropriate committees. Use of the interactive, integrated BAF dashboard allows risks to be reviewed in the context of achieving strategic and planning objectives. This ensures that oversight of strategic risks and objectives are not seen as separate exercises and allows Board business to be better informed.
- 57 Since our previous structured assessment, the Health Board has renewed its Risk Management Strategy, which received Board approval in January 2023. It is supported by a Risk Management Framework, clearly setting out risk management arrangements and roles and responsibilities at all levels of the organisation.
- 58 The Board and its committees maintain robust oversight of the Corporate Risk Register. Board level oversight and the assurance received on corporate and operational risk managements activities has been strengthened. This is one of three improvement objectives in the Risk Management Strategy<sup>9</sup>. Since February 2023, the Audit and Risk Assurance Committee (ARAC) has started to receive a twice-yearly Risk Assurance Report. This report provides assurance on the implementation of the framework and strategy, and that risks are being managed

<sup>9</sup> The Risk Management Strategy sets out three key areas of focus for 2023-24, these being defining the organisation's risk appetite and tolerance statement, strengthening operational risk management arrangements, and strengthening Board assurance on risk management activities.



appropriately, including processes for escalating and de-escalating risks. For example, the report:

- analyses how risks have moved between principal, corporate, directorate and service risk registers;
- highlights risk themes and issues; and
- gives an overview of corporate and operational risk monitoring and oversight activities.

59 The other two improvement objectives in the Risk Management Strategy are in progress. The Health Board is currently conducting its annual review of risk appetite and tolerance levels, aiming to report back to the January 2024 Board meeting. This year, the Board has used the RAAC issue to explore risk appetite and tolerances. Work to improve operational risk management arrangements will be tested further through our separate review of operational governance which will be reported in 2024.

## Corporate approach to overseeing organisational performance

60 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising organisational performance. We were specifically looking for evidence of:

- an appropriate, comprehensive, and up-to-date performance management framework in place, underpinned by clear roles and responsibilities; and
- the Board and committees providing effective oversight and scrutiny of organisational performance.

61 We found that **the Health Board maintains strong corporate and Board oversight and scrutiny of organisational performance, however, there is scope to strengthen assurance on the effectiveness of performance management systems.**

62 The Board and its committees continue to receive the interactive Integrated Performance Assurance Report (IPAR) dashboard and summary reports, which highlight key achievements, areas for improvement and issues impacting performance. The Health Board maintains use of the Statistical Process Control (SPC) charts, which highlight usual, improving and concerning trends. The September 2023 IPAR highlights some improving performance trends, but there are several concerning trends and missed targets, highlighting extreme service pressures. These relate to ambulance handover times, A&E waits, suspected cancer pathway and waits for mental health, therapies, and ophthalmology services.

63 The Health Board's Improving Together Framework, approved by the Board in March 2023, sets out the organisation's performance management arrangements including roles and responsibilities. The framework supports the use of data to

support decision making at all levels of the organisation. The framework has also supported the reinstatement, and reshaping, of executive level performance review meetings, which were stood down at the start of the pandemic. The Directorate Improving Together (DIT) meetings have been running since January 2023, with bi-monthly meetings for operational directorates and six-monthly meetings for corporate directorates. Given the Health Board is under Welsh Government Enhanced Monitoring<sup>10</sup> arrangements for some areas of performance, there is scope to demonstrate the effectiveness of the Improving Together Framework, by periodically providing assurance that the arrangements are working as intended (**Recommendation 3**).

- 64 Last year, we highlighted scope for the Health Board to streamline its operational performance management arrangements (**Appendix 2 R3 2022**), and urgently progress work to revise its operational structure (**Appendix 2 R2 2022**). Our separate review of operational governance will review these arrangements further.

## Corporate approach to overseeing the quality and safety of services

- 65 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the quality and safety of services. We were specifically looking for evidence of:
- corporate arrangements in place that set out how the organisation will deliver its requirements under the new Health and Social Care (Quality and Engagement) Act (2020);
  - a framework (or similar) in place that supports effective quality governance;
  - clear organisational structures and lines of accountability in place for clinical/quality governance; and
  - the Board and relevant committee providing effective oversight and scrutiny of the quality and safety of services.
- 66 We found that **the Health Board is improving its approach to overseeing the quality and safety of services and is taking appropriate steps to ensure compliance with the new duties of quality and candour.**
- 67 The Health Board has made appropriate arrangements to ensure compliance with the new duties set out in the Health and Social Care (Quality and Engagement) Act (2020). An implementation group, chaired by the Director of Nursing, Quality and Patient Experience, oversees implementation. Since April 2023, when the Act came into force, QSEC has received two updates, the first setting out the roadmap to implementation for both the duties of candour and quality, and the second an

<sup>10</sup> Under the Welsh Government's escalation and intervention framework, the Health Board is under Enhanced Monitoring arrangements for urgent and emergency care; planned care including cancer; Part 1 Child and Adolescent Mental Health Services; C-Difficile rates; Intensive Therapy Unit Prince Philip Hospital; and Maternity Services.

update on implementation and challenges faced. The Health Board has a webpage dedicated to the Act, and Board members and staff have access to training.

- 68 In March 2023, the Board approved the revised Quality Improvement Strategic Framework (2023-2026), work which was delayed by the pandemic. The framework has a strong focus on improving quality through the Enabling Quality Improvement in Practice (EQliP) programme, with the framework committing the Health Board to delivering two EQliP programmes per year.
- 69 QSEC maintains oversight of the Quality Improvement Strategic Framework through the Quality and Safety Assurance Report, received at each meeting. The report also provides an update on patient safety incidents, duty of candour, infection control, nosocomial COVID-19 review programme, and inspections and peer reviews, including activity of Healthcare Inspectorate Wales (HIW). The report also provides a progress update on HIW recommendations, which the Health Board manages through the AMAT<sup>11</sup> system to aid learning.

## Corporate approach to tracking recommendations

- 70 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising systems for tracking progress to address audit and review recommendations and findings. We were specifically looking for evidence of:
- appropriate and effective systems in place for tracking responses to audit and other review recommendations and findings in a timely manner.
- 71 We found that **the Health Board continues to have robust arrangements for tracking audit and review recommendations.**
- 72 The Audit and Risk Assurance Committee (ARAC) continues to receive the whole Audit Tracker at each meeting, with a comprehensive cover report summarising the status of recommendations such as the number of open, closed, and overdue recommendations and actions to progress them. Additionally, open recommendations are analysed by theme, and the number of recommendations is split by directorate, highlighting services with concerning trends. This level of analysis ensures ARAC is fully informed and has assurance that tracking mechanisms remain robust. Operationally, since January 2023, directorates are challenged on recommendations through the Directorate Improving Together meetings. In October 2023 there were five overdue Audit Wales recommendations reported to ARAC.

<sup>11</sup> AMAT is an audit management and tracking system.

## Corporate approach to planning

- 73 We considered whether the Health Board has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 74 We found that **the Health Board has maintained its focus on its long-term vision, and development and delivery of the Annual Plan is supported by appropriate corporate and Board oversight. However, opportunities remain to strengthen oversight of other corporate plans, further improve the planning objectives and review capacity to support planning activities.**

## Corporate approach to producing strategies and plans

- 75 We considered whether the Health Board has a sound corporate approach to producing, overseeing, and scrutinising the development of strategies and corporate plans. We were specifically looking for evidence of:
- a clear Board approved vision and long-term strategy in place which are future-focussed, rooted in population health, and informed by a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
  - an appropriate Board approved long-term clinical strategy;
  - appropriate and effective corporate arrangements in place for developing and producing the Integrated Medium Term Plan (IMTP), and other corporate plans; and
  - the Board appropriately scrutinising the IMTP and other corporate plans prior to their approval.
- 76 We found that **the Health Board has maintained its focus on its long-term vision, and the development of plans is supported by appropriate corporate oversight. However, given the scale of planning activity, capacity remains a concern.**
- 77 The Health Board continues to have a focus on delivering its long-term strategy<sup>12</sup>. In May 2023, the Health Board concluded a 12-week consultation on three potential sites for a new urgent and planned care hospital as part of its Programme Business Case, but as mentioned in **paragraph 3**, a Welsh Government decision remains pending. This uncertainty leaves the Health Board in a potentially vulnerable position with:
- high public expectation, but the risk that the potential sites will no longer be available, with one of the three potential sites already withdrawing from the process;
  - increasing service fragility;
  - issues related to an aging estate, such as RAAC; and

<sup>12</sup> Healthier Mid and West Wales was approved by the Board in 2018 and covers a period of 20 years.

- an increasingly challenging wider economic environment with the Welsh Government tackling a large deficit position, the majority of which is attributed to health boards.

- 78 The Health Board recognises that it cannot wait for a new hospital to be built and it needs to start to address service challenges now. As such, it is developing a [Clinical Services Plan](#) to review high-risk fragile services<sup>13</sup>, and develop plans to support them in the medium term. However, the Health Board's assumptions are based on funding for a new urgent care hospital being approved: there are no alternative plans should funding not be granted. At the time of our work, governance arrangements for the Clinical Service Plan programme had been established, with an aim to present an issues paper to Board in January 2024. However, an update to the September 2023 Board meeting highlighted planning team and clinical capacity challenges to support the programme, with consequential changes to timescales. The issues paper is now expected to be ready by March 2024.
- 79 In February 2023, the Health Board informed the Welsh Government that it would not be able to produce a financially balanced IMTP. Instead, as in previous years, it submitted an Annual Plan for 2023-24. As reported last year, there was good engagement with the Board when developing the plan. The Board was kept abreast of the annual planning process at both public Board meetings and its Board Seminar sessions prior to the Annual Plan's approval in March 2023. This included the approval of streamlined planning objectives. Since the Annual Plan's approval, the Board has received a progress update at every meeting, these include updates on the plan's continued development in discussion with the Welsh Government, and work to reprioritise the planning objectives due to escalating operational pressures and deteriorating financial position. In September 2023, the planning objectives were reviewed, and a decision made on each as to whether to continue, prioritise, slow, or pause progress.
- 80 The process for developing the Annual Plan for 2023-24 remained largely unchanged from previous years, except for a few changes to strengthen the process. These included a greater focus on detail to build more confidence in planning assumptions and the removal of the service-level investment bid process. To ensure plans are adequately aligned, members of the Planning Team also worked with service leads to develop plans instead of leads working on their own (**Appendix 2 R1 2021**). Whilst this is an improvement, this approach relies on the planning team having sufficient capacity, which in previous structured assessments we raised concerns about (**Appendix 2 R2 2021**). Since last year, the commissioning function has transferred to the Planning Team, which has bolstered capacity, and provided a level of team resilience and flexibility. However, given the scale of the Health Board's challenges, its future planning requirements and the

<sup>13</sup> At the time of our review, the list of fragile services included critical care, urgent and emergency paediatrics, planned care, emergency general surgery, stroke, diagnostics, and primary care.

need to support routine annual and service planning, we remain concerned about planning and clinical capacity to support these activities (**see paragraph 77**). In January 2023, the Welsh Government commissioned an independent peer review<sup>14</sup> of the Health Board's planning arrangements, which also assessed planning capacity and capability. The Health Board has developed an improvement action plan in response to the independent review findings as well as other internal and external planning related findings. The Strategic Development and Operational Delivery Committee (SDODC) received the action plan in August 2023, with a more detailed plan and progress update provided in October 2023. The action plan includes plans to evaluate the Planning Team's capacity against its current workload and conduct a skills gap analysis to identify areas for improvement and assess how best to use existing resources from across the organisation to support the planning function.

## Corporate approach to overseeing the delivery of strategies and plans

- 81 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the implementation and delivery of corporate plans. We were specifically looking for evidence of:
- corporate plans, including the IMTP, containing clear strategic priorities/objectives and SMART<sup>15</sup> milestones, targets, and outcomes that aid monitoring and reporting; and
  - the Board appropriately monitoring the implementation and delivery of corporate plans, including the IMTP.
- 82 We found that **the Health Board's arrangements to oversee delivery of its Annual Plan remain robust, supported now by streamlined planning objectives. However, opportunities remain to articulate expected outcomes for planning objectives, strengthen oversight of other corporate plans and realign planning objectives to the overarching, longer-term strategic objectives.**
- 83 Since last year, the Health Board has taken steps to better articulate its planning objectives. There are now 23 planning objectives, instead of 75, which are grouped against eight strategic planning goals. The strategic goals are set against the following four domains: our people, our future, our patients, and our communities, with each domain setting a high-level vision or outcome. Overall, this approach for planning objectives is more manageable and set at a more strategic level.

<sup>14</sup> The independent peer review sought to identify areas for improvement to help improve the Health Board's planning arrangements, for which it is in Targeted intervention. The Strategic, Development and Operational Delivery Committee (SDODC) received the report in June 2023.

<sup>15</sup> Specific, measurable, achievable, relevant, and time-bound.

However, last year we highlighted that expected outcomes for all planning objectives were not set out in the Health Board's Annual Plan; this remains the case (**Appendix 2 R4 2022**).

- 84 We reported last year, the process for monitoring delivery of the strategic and planning objectives remains robust, and this remains the case. The Board continues to receive regular updates on Annual Plan delivery, through update reports, committee assurance reports, the BAF and IPAR. However, the four domains and eight strategic planning goals do not explicitly align to the Health Board's six overarching (longer-term) strategic objectives, making monitoring through the BAF and IPAR dashboards less clear (**Recommendation 4**).
- 85 Committees maintain oversight of their assigned planning objectives through regular overall progress updates and deep dive reports. Each planning objective has an executive lead, clear milestones and defined deliverables with supporting actions or measures. It is also clear to see which planning objectives relate to ministerial and local priorities.
- 86 Last year, we highlighted that delivery of wider corporate strategies and plans is monitored through the planning objectives, but a lack of standalone delivery plans makes it difficult for the Board and its committees to gauge overall progress against each individual plan and assess their impact (**Appendix 2 R5 2022**). We also raised this issue in our [2023 review of workforce planning arrangements](#).

## Corporate approach to managing financial resources

- 87 We considered whether the Health Board has a sound corporate approach to managing its financial resources.
- 88 We found that **despite a clear process for financial planning, and reasonable arrangements for managing and monitoring the financial position, the Health Board's financial position is extremely challenging for 2023-24.**

## Financial objectives

- 89 We considered whether the Health Board has a sound corporate approach to meeting its key financial objectives. We were specifically looking for evidence of:
- the organisation meeting its financial objectives and duties for 2022-23, and the rolling three-year period of 2020-21 to 2022-23; and
  - the organisation being on course to meet its objectives and duties in 2023-24.
- 90 We found that **the Health Board did not achieve its revenue financial duties for 2022-23 and will continue not to achieve them in 2023-24, with the financial position extremely challenging.**

- 91 The Health Board did not achieve its revenue financial objectives and duties for 2022-23. The Health Board reported a year-end deficit of £59 million against its revenue resource limit, although this was within the agreed deficit total of £63 million agreed with the Welsh Government. The Health Board also reported a cumulative deficit of £108.9 million for the three-year rolling period 2020-2023, breaching its duty to break even. However, it reported a small surplus of £69,000 against its capital resource limit.
- 92 The Health Board has continued not to be able to submit a balanced financial plan for the three-year period 2023-2026 and instead is working to an Annual Plan which sets out a forecast deficit of £112.9 million for 2023-24, and a cumulative forecast deficit of £196.9 million for the three-year rolling period 2021-2024.
- 93 At Month 6 2023-24, the Health Board reported a year-to-date deficit of £72 million, an adverse variance of £15.6 million against the year-to-date profile. Operational variance continues to be a challenge for the Health Board, accounting for £9.1 million of the variance to date. The Health Board's ability to stay within its planned deficit requires mitigating action to the value of £25.5 million and is dependent on curtailing variable pay, costs associated with drugs and continuing healthcare, and delivering the required savings. In recent weeks, the Health Board has subsequently been informed that additional monies will be made available from the Welsh Government to offset cost pressures and reduce its agreed deficit control total to £48 million. This is based on the Health Board delivering against its initial forecast position, although in October 2023, the Health Board formally recognised that its forecast position is likely to be higher.
- 94 While the Health Board plans to stay within its capital resource limit, at Month 6 2023-24, the Health Board reported a year-to-date deficit of £0.7 million.

## Corporate approach to financial planning

- 95 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial planning. We were specifically looking for evidence of:
- clear and robust corporate financial planning arrangements in place;
  - the Board appropriately scrutinising financial plans prior to their approval;
  - sustainable, realistic, and accurately costed savings and cost improvement plans in place which are designed to support financial sustainability and service transformation; and
  - the Board appropriately scrutinising savings and cost improvement plans prior to their approval.
- 96 We found that **the Health Board has a clear process for financial planning; however, the development and delivery of its savings plans are a challenge.**
- 97 The Health Board has a clear process for developing its annual financial plan, using a combination of a top-down and bottom-up approach to understand the local



and national growth pressures, challenge investment requirements and identify opportunities. The plan is informed by the Directorate Improving Together meetings with operational directorates and sets out the choices that need to be considered.

- 98 Board members have had good engagement with the development of the plan, and the Board and Sustainable Resources Committee were engaged fully in the scrutiny of the plan prior to submission to the Welsh Government. The Health Board has not yet developed a long-term financial plan (**Appendix 2 R6 2022**) although steps are being taken to have a ten-year financial plan in place from April 2024. Financial modelling to support the ten-year financial plan is currently underway with updates provided to the Sustainable Resources Committee.
- 99 The Health Board has implemented its Opportunities Framework to identify savings, but there remain gaps in the savings plan and delivery of savings is off-track. The Health Board has set a savings requirement of £19.5 million for 2023-24. Savings have been identified using the Health Board's Opportunities Framework to identify programmes where improvements in performance, quality and cost can be made. Only programmes that can deliver a cost reduction are included within the savings target. In line with 2022-23, the Health Board has not applied a savings target to operational directorates due to operational pressures, although there is an expectation that directorates will remain within delegated budgets. At Month 6, £6.6 million of savings were still to be identified. The Health Board had achieved £8.7 million of savings, with an adverse variance of £1.4 million against profile. An Internal Audit report in August 2023 gave limited assurance on the governance arrangements supporting the savings programmes identifying weaknesses in ensuring savings were realistic and achievable and in the governance arrangements to manage the programmes. More positively, of the schemes identified, three-quarters are recurring.
- 100 The Auditor General will be commenting further on the Health Board's approach to identifying, delivering, and monitoring financial savings in a separate piece of work that we will report in the early part of 2024.

## Corporate approach to financial management

- 101 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial management. We were specifically looking for evidence of:
- effective controls in place that ensure compliance with Standing Financial Instructions and Schemes of Reservation and Delegation;
  - the Board maintaining appropriate oversight of arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud;
  - effective financial management arrangements in place which enable the Board to understand cost drivers and how they impact on the delivery of strategic objectives; and

- the organisation's financial statements for 2022-23 were submitted on time, contained no material misstatements, and received a clean audit opinion.

102 We found that **the Health Board has appropriate arrangements for financial management and controls, but ongoing pressures are resulting in overspends.**

103 The Health Board has robust processes in place to ensure compliance with statutory instructions, and to report and challenge breaches. As mentioned in **paragraph 30**, the Standing Financial Instructions and Schemes of Delegation have been reviewed and approved by the Board. The number of single tender actions, and losses and special payments are routinely scrutinised by ARAC through the comprehensive Financial Assurance Report. An update on the ongoing review of financial control procedures is also reported to every Sustainable Resources Committee meeting with an annual statement of assurance reported to ARAC. The Health Board continues to have a proactive counter-fraud service arrangement, and proactively engages in the post-payment verification checks undertaken by NHS Wales Shared Services.

104 The Health Board is aware of its cost drivers, and controls are in place to manage the financial position. Since September 2022, the Health Board has been in targeted intervention due to its financial position. In response to this, the Health Board has been taking action to understand its cost drivers and tighten up financial management. Accountability letters have been issued to all operational and corporate directorates, setting out the requirement to remain within budget, and detailed financial information is available to monitor progress against budgets. At Month 6, most of the operational directorates, however, were overspent due to operational pressures. Several control groups are in place to monitor delivery of the financial position, including the Core Delivery Group to oversee delivery of recovery and transformation plans, and the Financial Control Group to oversee pay and procurement expenditure. The Executive Team maintains weekly oversight of the financial position, and operational and corporate directorates are held to account for their financial position through the Directorate Improving Together meetings. An Internal Audit report in June 2023 gave reasonable assurance on the Health Board's financial management arrangements.

105 The Health Board submitted good quality draft financial statements as per the required timeline. Our audit identified no material misstatements but did identify some areas where corrections should be made. Our audit also made recommendations to improve the management of accruals associated with continuing health care and annual leave. We issued an unqualified opinion in respect of the truth and fairness of the accounts, but a qualified regulatory opinion due to the Health Board breaching its duty to deliver a break-even position over the three-year rolling period 2020-2023.

## Board oversight of financial performance

- 106 We considered whether the Board appropriately oversees and scrutinises financial performance. We were specifically looking for evidence of:
- the Board receiving accurate, transparent, and timely reports on financial performance, as well as the key financial challenges, risks, and mitigating actions; and
  - the Board appropriately scrutinising the ongoing assessments of the organisation's financial position.
- 107 We found that **the Health Board continues to have good arrangements for monitoring and scrutinising its financial position, although greater scrutiny on those with delegated responsibility for overspent budgets is needed.**
- 108 The Health Board continues to have several comprehensive financial reports. A detailed financial report is presented at every Board and the Sustainable Resources Committee meeting. The report was refreshed for the September Board meeting and sets out a much clearer overview of revenue, the forecast position and performance against the required savings. Detailed information is also provided on the key cost drivers, variances for each of the directorates, and the risks associated with the financial position. Financial performance is also included in the interactive IPAR and interactive BAF which are also presented to Board and the SRC.
- 109 As mentioned in **paragraph 102**, a detailed Financial Assurance Report is also presented to the ARAC, which sets out compliance with financial controls. A detailed report is also provided on commissioning and contracting performance to the Sustainable Resources Committee along with a detailed report setting out capital spending, and a new accounting dashboard which provides assurance on a range of aspects relating to the balance sheet. All reports are well scrutinised by Independent Members. Scrutiny within the SRC, however, has been focused on the Director of Finance and should be much more focused on those with delegated responsibility for budgets that are increasingly overspent. Whilst this has improved in recent meetings with members of the Core Delivery Group and the Financial Control Group now in attendance, more can be done to ensure scrutiny is appropriately focused across all members of the executive team **(Recommendation 5)**.

# Appendix 1

## Audit methods

**Exhibit 2** below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from the methods below.

Element of audit approach	Description
Observations	<p>We observed Board meetings as well as meetings of the following committees:</p> <ul style="list-style-type: none"><li>• Audit and Risk Assurance Committee;</li><li>• Health and Safety Committee;</li><li>• People, Organisational Development and Culture Committee;</li><li>• Quality, Safety and Experience Committee;</li><li>• Strategic Development and Operational Delivery Committee; and</li><li>• Sustainable Resources Committee.</li></ul>
Documents	<p>We reviewed a range of documents, including:</p> <ul style="list-style-type: none"><li>• Board and Committee Terms of Reference, work programmes, agendas, papers, and minutes;</li><li>• key governance documents, including Schemes of Delegation, Standing Orders, Standing Financial Instructions, Registers of Interest, and Registers of Gifts and Hospitality;</li><li>• key organisational strategies and plans, including the IMTP;</li><li>• key risk management documents, including the Board Assurance Framework and Corporate Risk Register;</li><li>• key reports relating to organisational performance and finances;</li><li>• Annual Report, including the Annual Governance Statement;</li><li>• relevant policies and procedures; and</li></ul>

Element of audit approach	Description
	<ul style="list-style-type: none"> <li>• reports prepared by the Internal Audit Service, Health Inspectorate Wales, Local Counter-Fraud Service, and other relevant external bodies.</li> </ul>
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> <li>• Chair;</li> <li>• Chief Executive Officer;</li> <li>• Director of Corporate Governance (Board Secretary);</li> <li>• Head of Risk and Assurance;</li> <li>• Director of Strategy and Planning;</li> <li>• Director of Finance;</li> <li>• Chair of Audit and Risk Assurance Committee;</li> <li>• Chair of Sustainable Resources Committee; and</li> <li>• Chair of Strategic Development and Operational Delivery Committee.</li> </ul>

# Appendix 2

## Progress made on previous-year recommendations

**Exhibit 3** below sets out the progress made by the Health Board in implementing recommendations from previous structured assessment reports

Recommendation	Description of progress
<p>R1 Elements of the Health Board’s website are not updated in a timely fashion and there is scope to further enhance transparency of Board business. The Health Board should ensure that:</p> <ul style="list-style-type: none"><li>a) unconfirmed Board and committee minutes are published on the Health Board’s website as soon as is practical after each meeting;</li><li>b) agendas for private meetings of the Board are made available on the Health Board’s website in advance of the meeting; and</li><li>c) the most recent version of policies and declarations of interest is publicly available on the website (<b>2022 structured assessment</b>).</li></ul>	<ul style="list-style-type: none"><li>a) <b>Complete</b> – see <b>paragraph 27</b>.</li><li>b) <b>Complete</b> – see <b>paragraph 28</b>.</li><li>c) <b>Complete</b> – see <b>paragraph 32</b>.</li></ul>
<p>R2 While some changes have been made, the operational structure still poses risks to confused and inconsistent governance structures. Given the scale and complexity of the challenges and risks facing the Health Board, it is important that planned work to revise the operational structures and associated governance arrangements progresses as a matter of urgency (<b>2022 structured assessment</b>).</p>	<p>This recommendation will be followed up through our review of operational governance – see <b>paragraph 64</b>.</p>

Recommendation	Description of progress
<p>R3 While performance arrangements exist at an operational level, there is scope to bring these together into a holistic review of performance. Alongside the rollout of its Improving Together Framework, the Health Board should revisit its performance management arrangements to ensure that there is a joined-up approach at an operational level (<b>2022 structured assessment</b>).</p>	<p>This recommendation will be followed up through our review of operational governance – see <b>paragraph 64</b>.</p>
<p>R4 The Health Board has not set out expected outcomes for all its planning objectives set out in its Annual Plan. In revising its planning objectives for 2023-2026, the Health Board needs to clearly articulate the expected outcomes for its streamlined set of planning objectives (<b>2022 structured assessment</b>).</p>	<p><b>Not complete</b> – see <b>paragraph 83</b>.</p>
<p>R5 Implementation plans to support corporate enabling strategies did not always exist or include clear milestones, targets, and outcomes. The Health Board needs to ensure:</p> <ul style="list-style-type: none"> <li>• existing implementation plans include clear milestones, targets, and outcomes; and</li> <li>• implementation plans are developed for enabling strategies that currently do not have one. Alongside the monitoring of relevant individual planning objectives, this will enable periodic review of overall progress of delivery of the enabling strategies (<b>2022 structured assessment</b>).</li> </ul>	<p><b>In progress</b> – see <b>paragraph 86</b>.</p>

Recommendation	Description of progress
<p>R6 The Health Board’s longer-term financial recovery plan has not been updated to reflect the financial challenges being experienced in 2022-23. The Health Board needs to update its longer-term financial recovery plan for 2023 onwards, ensuring that its improvement opportunities are reflected (<b>2022 structured assessment</b>).</p>	<p>In progress – see <b>paragraph 98</b>.</p>
<p>R1 Planners are not involved in all planning processes and must rely on others to make sure that plans align. The Health Board should determine individual responsibilities for ensuring that key planning processes are effectively linked (<b>2021 structured assessment</b>).</p>	<p>In progress – see <b>paragraph 80</b>.</p>
<p>R2 The planning team has adopted a ‘business partnering’ approach to support the development of the quarterly operational plans, which has worked well but there has been over-reliance on one individual within the planning team due to capacity constraints. The Health Board should review its planning capacity to ensure that resilience is built into the team, and the expertise and knowledge needed to support the planning process are developed across all team members (<b>2021 structured assessment</b>).</p>	<p>In progress – see <b>paragraph 80</b>.</p>



# Appendix 3

## Organisational response to audit recommendations

Exhibit 4: Health Board response to our audit recommendations

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<b>Enhancing public transparency</b> We found that Public Board papers include a high-level summary of private Board meetings. To further enhance transparency, this arrangement should be extended to private committee meetings through individual committee assurance reports received by the Board.	The Committee Update Report template to the Board will be updated to include a section 'Key Matters considered by the In-Committee'. These will be completed for January 2024 Board.	Complete	Director Corporate Governance/Board Secretary

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R2	<p><b>Board member patient safety walkabout</b></p> <p>Board members conduct regular Patient Safety walkabouts, supported by a member of the patient safety team who takes notes, with a clear process to provide feedback to visited services and monitor actions points. However, those we interviewed were unclear about what happened after the visit. The Health Board should clarify the Patient Safety Walkabout process with new Independent Members.</p>	<p>A refreshed briefing on the role and content of the Patient Safety Walk Rounds will be drafted for use within induction for all new Independent Members and Executive Directors.</p> <p>Reporting and monitoring arrangements following Patient Safety Walk Rounds will be refreshed and reconfirmed for all participants. Reports are action oriented and prepared by the Quality Assurance Team. All actions are logged on the AMAT system and monitored via the Quality Assurance Team.</p> <p>The refreshed Patient Safety Walk Round handbook will be reviewed and recirculated to all Board members by the Head of Quality Assurance.</p> <p>Consideration will be given to providing a Patient Safety Walk Round update to Board members at a future Board Seminar. To be forward work planned through the Director of Corporate Governance/Board Secretary.</p>	<p>31 March 2024</p> <p>31 March 2024</p> <p>31 March 2024</p> <p>30 July 2024</p>	<p>Executive Director of Nursing, Quality and Patient Experience</p>

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R3	<p><b>Performance management arrangement assurance</b></p> <p>Given the Health Board is under the Welsh Government's Enhanced Monitoring arrangements for some service areas, there is scope to demonstrate the effectiveness of the Improving Together Framework. The Health Board should develop a mechanism for periodically providing assurance that its performance management arrangements are working as intended.</p>	<p>We will commission an annual review of the effectiveness of the Improving Together Framework from Internal Audit. We will ask for the first review to be undertaken during Q1 2024-25.</p>	31 March 2025	Executive Director of Finance

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R4	<p><b>Aligning planning and strategic objectives</b></p> <p>The Health Board has taken steps to better articulate its planning objectives in its 2023-24 Annual Plan, by streamlining the planning objectives and setting them against eight strategic planning goals and four domains. However, the domains and strategic planning goals do not explicitly align to the Health Board's six overarching strategic objectives, as detailed in its Board Assurance Framework (BAF) and Integrated Performance Assurance Report (IPAR) dashboards. As part of the next planning cycle, the Health Board should more explicitly set out how each of its planning objectives link to its strategic objectives.</p>	<p>A process and action plan has been detailed as part of the Planning Cycle for the development of the 2024-25 Plan.</p> <p>This process and action plan (as detailed in the annex) sets out the process for reviewing the Strategic Objectives, the Planning Objectives and the removal of the four planning domains to simplify the process.</p> <p>Steps are also included to ensure the appropriate alignment of Planning Objectives to the appropriate Committees of the Board for assurance purposes, and the revision of the BAF.</p>	31 March 2024	Executive Director of Strategy and Planning

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R5	<p><b>Financial scrutiny</b></p> <p>Whilst there is a good level of scrutiny on the financial position within the Sustainable Resources Committee, the scrutiny has predominantly been focused on the Director of Finance. Whilst this has improved in recent meetings with members of the Core Delivery Group and the Financial Control Group now in attendance, the Health Board needs to do more to ensure scrutiny by Independent Members is appropriately focused across all members of the executive team.</p>	<p>There is a greater understanding amongst Board Members that the causes of our financial challenges relate to the strategic, operational and clinical configuration and choices which are made across the organisation.</p> <p>Consequently, scrutiny has increasingly moved into these areas as part of Sustainable Resource Committee and Board deliberations. This has been facilitated by broader attendance now being seen in the Sustainable Resources Committee.</p>	Complete	Executive Director of Finance



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