

# Structured Assessment 2021 (Phase Two) – Corporate Governance and Financial Management Arrangements: Powys Teaching Health Board

Audit year: 2021

Date issued: April 2022

Document reference: 2688A2021-22

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# Summary report

## About this report

- 1 This report sets out the findings from phase two of the Auditor General's 2021 structured assessment work at Powys Teaching Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004. [Our 2021 structured assessment phase one report](#) considered the Health Board's operational planning arrangements and how these are helping to lay the foundations for effective recovery.
- 2 The COVID-19 pandemic required NHS bodies to quickly adapt their corporate governance and decision-making arrangements to ensure timely action was taken to respond to the surge in emergency COVID-19 demand and to ensure the safety of staff and patients. Our [2020 structured assessment report](#) considered the Health Board's revised governance arrangements and was published in November 2020.
- 3 NHS bodies have continued to respond to the ongoing challenges presented by COVID-19, whilst also starting to take forward plans for resetting and recovering services affected by the pandemic. Our 2021 structured assessment work, therefore, was designed in the context of the ongoing response to the pandemic thus ensuring a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continued to respond to COVID-19.
- 4 Phase two of our 2021 structured assessment has considered how corporate governance and financial management arrangements have adapted over the last 12 months. The key focus of the work has been on the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. We have also considered how business deferred in 2020 has been reinstated and how learning from the pandemic is shaping future arrangements for ensuring good governance and delivering value for money. We have also sought to gain an overview of the Board's scrutiny of the development and delivery of the Health Board's 2021-22 Annual Plan.
- 5 We have provided updates on progress against any areas for improvement and recommendations identified in previous structured assessment reports.

## Key messages

- 6 Overall, we found the **Health Board has generally effective Board and committee arrangements, however capacity gaps within the corporate governance team and the turnover of independent members are of concern. Plans have been developed for responding to COVID-19 and transformation of healthcare services. The Health Board will need continue to utilise its good**

**partnership working arrangements to ensure that Powys residents are appropriately prioritised by commissioned services. Financial resources are managed well, however, delivering the required financial savings will be challenging.**

- 7 The Health Board has generally good Board and committee arrangements and has recently revised the committee structure following an internal review and informed by learning through the pandemic. However, there are a number of gaps within the corporate governance team which will need to be managed effectively. The transparency of Board business to the public is good, and the Health Board's Chief Executive has undertaken well publicised live public question and answer sessions. However, recently some agenda papers are provided late to Board and committees which could potentially affect the ability of independent members to scrutinise them effectively. A number of independent members will be leaving the Health Board soon, and formal induction training is needed to help new members ease quickly into their roles.
- 8 The Health Board has set out its plans for managing COVID-19 and renewal/transformation of healthcare services. Plans are supported with specific, measurable and timebound actions for delivery, and there is good oversight and monitoring of progress through the Health Board's committees. There is good evidence of partnership working with commissioned services, and oversight of this work is good.
- 9 Whilst there is good Board scrutiny of risks, the Board Assurance Framework needs to be updated to reflect risks to achieving new strategic priorities. There is further work to do to fully address recommendations from Internal Audit reports on risk management in 2019 and 2020. The Health Board is revising its risk management framework. The work will need to demonstrate that operational risks on departmental and directorate risk registers are escalated appropriately. Comprehensive training will need to be rolled out to staff. Although good arrangements are in place to monitor progress on audit and review recommendations, actions to address a number of recommendations which were reprioritised are now overdue.
- 10 The focus of the Health Board on staff wellbeing has been positive, and there are good plans in place to continue to develop wellbeing support. However, due to the unique nature of the Health Board with the majority of healthcare provided by commissioned services, there needs to be a continued focus on quality of care to ensure Powys residents are appropriately prioritised by providers to ensure good patient outcomes.
- 11 The Health Board has good arrangements to manage its financial resources and continues year on year to meet its financial duties. Financial controls are effective, and the Health Board uses clear, financial information to monitor and report its performance. However, the delivery of savings will be challenging this year and further work is needed to ensure timely reporting to the Delivery and Performance committee.

## Recommendations

- 12 Recommendations arising from this audit are detailed in **Exhibit 1**. The Health Board's management response to these recommendations is summarised in **Appendix 1**.

### Exhibit 1: 2021 recommendations

#### Recommendations

##### Independent member induction

- R1 The Health Board is experiencing a period of significant change within its independent members cohort. Independent members must be appropriately supported to meet their responsibilities through the provision of an adequate induction programme and ongoing development so they can effectively scrutinise the information presented to them. To supplement the national induction programme, the Health Board should develop a local induction training programme as soon as possible to help new independent members ease quickly into their role.

##### Associate Board member appointment

- R2 The Health Board does not currently have any associate Board members to assist it in carrying out its functions. Previously the Corporate Director (Children and Adults) from Powys County Council was an associate Board member but has not attended. The Health Board should work with Powys County Council to identify a suitable replacement as soon as possible.

##### Board and committee agenda papers

- R3 Board and committee meeting agenda bundles are made available in advance of meetings. However, on occasions some papers are provided late and added to a separate bundle called 'supplementary papers'. Late papers do not allow adequate time for scrutiny, and the use of the term supplementary papers is misleading. The Health Board should ensure as soon as possible, that appropriate arrangements are in place to:
- reduce as far as possible inclusion of late papers;
  - stop the use of naming late papers 'supplementary'; and
  - to merge late papers into the main agenda bundle when publishing Board and committee papers on the website.

# Detailed report

## Governance arrangements

- 13 Our structured assessment work considered the Health Board's governance arrangements while continuing to respond to the challenges presented by the pandemic.
- 14 We found that **the Health Board has generally effective Board and committee arrangements, although attention is needed to improve the timeliness of agenda papers, local induction training for independent members is required and there are three unfilled associate member posts. In addition, there are imminent gaps within the corporate governance team which are of concern. Plans for response to COVID-19 and transforming services to recover waiting times are in place and supported by good partnership working arrangements and effective scrutiny of delivery. Partnership working and engagement with commissioned providers will be key in delivering good outcomes for Powys residents. Work continues to strengthen risk management arrangements.**

## Conducting business effectively

- 15 We found that **generally the Health Board has effective Board and committee arrangements, a new committee structure has been implemented this year and there is a commitment to continuous improvement. However, there are three unfilled associate member posts, as well as a number of capacity gaps within the corporate governance team and no formal induction training for independent Board members at a time when turnover is significant. There is work to do to improve the timeliness and management of some Board and committee agenda papers.**

## Public transparency of Board Business

- 16 The Health Board has adapted well to virtual Board meetings, with individuals attending separately from remote locations. Virtual Board meetings are now well-established, and meetings are chaired effectively. Board meetings are livestreamed, and recordings are published on the organisation's external website for later viewing. The 28 July 2021 Annual General Meeting of the Board was virtual, and members of the public were able to join the session and participate.
- 17 The Health Board does not 'advertise' Board or meetings on its social media platforms, this is a missed opportunity to potentially increase the number of members of the public observing live meetings. However, the Chief Executive has undertaken live public question and answer sessions, which have been well publicised.
- 18 The Health Board is committed to livestreaming Board committee meetings to allow members of the public to observe. This will significantly increase public access to Board business. The Health Board told us that the resource implications

needed to achieve this commitment means it is unlikely it will be possible within the current financial year. In the meantime, the Health Board’s website provides an option for members of the public to request attendance by invite, although at the time of our review, no requests had been received.

- 19 The agenda and papers for each Board and committee meeting are published in advance of meetings. The Health Board produces good Board and committee meeting minutes which accurately summarise discussions. Approved minutes are published on the website within the next meeting’s agenda papers.
- 20 As part of our work, we reviewed the Health Board website, (see Exhibit 2, 2018 R4) and found that the website does not provide easy access to the Health Board’s policies.

**Exhibit 2: progress made on previous year recommendations**

Recommendation	Description of progress
<p><b>Internet Accessibility</b>  <b>Structured Assessment 2018 R4</b>            The Health Board’s internet pages do not provide access to current policies such as the counter-fraud policy. The Health Board should update its internet site to provide easy access to current policies and strategies.</p>	<p><b>In progress</b>            The external website has a Health Board Policy section, however, the only policy available to be downloaded is the Putting Things Right Policy. Whilst the website includes links to ‘clinical policies’, ‘non-clinical policies’, each lead to a statement that policies must be requested from the Health Board (via a form or by phone).</p>

**Board and Committee arrangements**

- 21 Board and committee chairs set out clearly the purpose of each item of business and quickly reorder agendas to accommodate any connectivity issues that occur during meetings. At each meeting, chairs remind those attending of virtual meeting etiquette and set the tone for constructive debate. Some committees took longer to adapt and become proficient with using technology for virtual meetings, however our recent observations found that the initial difficulties had been resolved.
- 22 At the start of the pandemic and until November 2020 the Health Board held monthly Board meetings. In January 2021, the Board returned to meeting bimonthly, except for June 2021 when two meetings were held, one to agree the annual accounts and the other to approve the 2021-22 Annual Plan prior to submission to Welsh Government. Board Members have remained sighted of COVID-19 issues through regular Board briefing sessions.

- 23 Since our 2020 Structured Assessment, the Health Board has also held a series of Board development sessions on a wide range of topics including the South Powys Programme<sup>1</sup>, safeguarding, domestic violence and children's rights, the socio-economic duty, the Social Care White Paper and renewal and recovery planning for 2021-22.
- 24 Although the Health Board maintained the schedule of the Audit, Risk and Assurance Committee and the Experience, Quality and Safety Committee, some meetings of other committees were cancelled and where required, business was taken directly to Board. During 2020 and up to April 2021, the Performance and Resources Committee and the Strategy and Planning Committee met only when needed.
- 25 The Health Board will be experiencing significant change within its independent members cohort. The Vice Chair will be leaving the Health Board in December 2021 and recruitment for a replacement is underway. The Chair will also leave in September 2022. The term for the Chair was extended for one year to minimise the risk of both key members leaving in quick succession. Two other independent members will leave during 2022. Two new independent members were appointed during 2021. Induction training and appropriate board development is critical to ensuring that new independent members ease quickly into their role. However, aside from the national induction programme and some local meetings, the Health Board does not have a formal local induction programme for independent members (see **Recommendation 1**).
- 26 The Health Board does not currently have any associate Board members to assist it in carrying out its functions. The Corporate Director (Children & Adults) of Powys County Council was appointed as an Associate Member of the Board (non-voting) but has not attended Board. Despite the importance of this role, the Health Board and the local authority have not identified a suitable replacement (see **Recommendation 2**).
- 27 The Welsh Government's Model Standing Orders include the requirement to establish a multi-disciplinary Healthcare Professionals' Forum to provide clinical insight and to advise the Board. The Health Board has not yet established such a forum (see **Exhibit 3, 2018 R2**). Once set up, the expectation is that the Chair of the Forum will become an associate member of the Board. Despite the omission of a formal clinical engagement forum to advise the Board, we have seen evidence of clinical engagement and clinical advice to the Board.
- 28 The Model Standing Orders also require that a Stakeholder Reference Group exists to provide independent advice on any aspect of Health Board business, with membership drawn from appropriate organisations within the community. While the Health Board established a Stakeholder Reference Group in 2018-19, it did not function as intended. Work to re-consider the remit and work of the Group was

<sup>1</sup> The South Powys Programme is a programme of work to redesign patient pathways resulting from the opening of the Grange University Hospital.

delayed by the pandemic. The Stakeholder Reference Group did not meet in 2020-21, and the role of Chair is vacant. The Stakeholder Reference Group is to be re-established in March 2022. Despite this, we have seen examples of stakeholder engagement within specific projects.

**Exhibit 3: progress made on previous year recommendations**

Recommendation	Description of progress
<p><b>Healthcare Professionals Forum Structured Assessment 2018 R2</b>            Standing Orders include a requirement for a Healthcare Professionals’ Forum, but the Health Board does not have one. The Health Board should establish a Healthcare Professionals’ Forum to advise the Board on local strategy and delivery.</p>	<p><b>Not Complete</b>            Discussions regarding the establishment of a clinical engagement group remain at an early stage. The Annual Governance Programme 2021-22 sets out that a draft term of reference for this clinical engagement group will be discussed at the March 2022 Board meeting.</p>

**Board and committee information**

- 29 Board and committee meeting papers are made available to Board members and placed on the website in advance of meetings. Our observations of Board and committee meetings found there is sufficient focus and discussion on key issues and chairs encourage contributions from all. However, we have noted that there have been a number of late additional papers submitted to the Board and some committees. This frequently includes the Chief Executives report. Where agenda papers are provided late this can put unreasonable time pressures on independent members to have sufficient time to effectively read and scrutinise the information in preparation for meetings.
- 30 Late papers are also confusingly described as ‘supplementary papers’ and placed on the website separately to the main meeting papers bundle, rather than merged into a single bundle. The use of ‘supplementary’ implies that the papers are additional supporting information to the main papers for the meeting, which is not the case (see **Recommendation 3**).
- 31 In the main, consistent use is made of the standard cover paper template for Board papers. The information provided in the report cover papers provides a useful summary of the key matters set out in agenda papers. Financial performance reports do not use the cover report template, however, the equivalent information is provided on the introductory page. However, there is still scope to improve cover reports, see **Exhibit 4, 2018 R6**.

- 32 The Board continues to receive an overview of performance against the NHS Delivery Framework 2020-21 instead of the fuller Health Board's regular Integrated Performance Reports. This is an interim pragmatic arrangement implemented during the pandemic to provide oversight on the most critical indicators, including those relating to COVID-19. The overview includes waits for directly provided and commissioned services as well as key primary care performance measures. The overview highlights areas of concern and risks to help focus scrutiny. The use of Statistical Process Control charts provides a clear picture of the Health Board's performance over time, and it is easy to see where performance is improving or off-track.

#### Exhibit 4: progress made on previous year recommendations

Recommendation	Description of progress
<p><b>Quality of Board Cover Papers Structured Assessment 2018 R6</b></p> <p>Report cover papers vary in the way in which they are completed which may limit the ability of Board members to focus on the most important areas. The Health Board should improve report cover papers to ensure that they highlight important aspects of reports rather than just describe the content or purpose of the report.</p>	<p><b>On track but not yet complete</b></p> <p>Recent cover papers for Board reports in the main use a consistent template. While the template includes a place to indicate an equality impact assessment has been completed, there is no prompt to indicate where one is not needed. Therefore, it is not clear if the quality impact assessment is missing or not required.</p>

#### Board commitment to continuous improvement

- 33 In April 2021, the Board reviewed the effectiveness of its Board and Committee arrangements as part of its Board Development programme. A workshop was held to explore independent member views and identify strengths and weaknesses with current committee structure. A number of areas to address were identified, and together with learning from how committees operated during the pandemic, led to a new committee structure. The revised committee structure was approved by the Board in July 2021 and new terms of reference were subsequently approved at the Board in September 2021. A summary of the changes is provided in **paragraphs 34 to 38**.
- 34 The Board felt that strategy development needed to be undertaken collectively by the Board rather than delegated to a Board committee. Therefore, the Strategy and

Planning Committee has been renamed the Planning, Partnership and Population Health Committee. This group met in October 2021 for its inaugural meeting and will provide the Board with advice and assurance on its planning arrangements, partnership approach, and on how the Health Board is addressing population health and inequalities.

- 35 The Board also identified a need to ensure a more manageable remit for the Experience, Quality and Safety Committee with a greater focus on patient experience. The Experience, Quality and Safety Committee has become the Patient Experience, Quality & Safety Committee, emphasising its role in relation to patient experience. This Committee met for the first time in October 2021. The Health Board has also made improvements to mental health reporting and monitoring. The Committee now receives mental health reports as a matter of course, and in October 2021, it received the first Integrated Quality Report from the Directorate of Primary, Community Care and Mental Health.
- 36 A new Workforce and Culture Committee has been established to ensure that there is appropriate Board focus on the Health Board's culture and practice. This Committee, which held its inaugural meeting in October 2021, is designed to ensure that the implementation of the organisational development framework is aligned to strategic and planning objectives and priorities.
- 37 Finally, the Performance and Resources Committee has become the Delivery and Performance Committee, providing assurance on the effectiveness of arrangements to achieve the Health Board's aims and objectives. The Committee has a wide assurance remit including scrutiny of financial management, financial performance, performance of provided and commissioned services, information management and estates and support services.
- 38 The Audit, Risk and Assurance Committee, Charitable Funds Committee and Remuneration and Terms of Service Committee all remain unchanged from 2019, although their terms of reference have been updated to reflect the new committee structures.
- 39 The Health Board has concluded its review of the committee arrangements implemented in 2019 (see **Exhibit 5, 2019 R2**). However, in implementing a new committee structure in September 2021, the Health Board will need to ensure at an appropriate time that it is operating as planned. Given that the committee arrangements are relatively new, it is too early for us to comment on their effectiveness.

## Exhibit 5: progress made on previous year recommendations

Recommendation	Description of progress
<p><b>Committee Structure</b> <b>Structured Assessment 2019 R2</b> Board committees were restructured and streamlined in 2019. The Health Board should evaluate the whole of the new committee structure to ensure that decision making, assurance and scrutiny are appropriate and that mental health, information governance and workforce have sufficient coverage in the new committees.</p>	<p><b>Complete</b> The Health Board established a revised committee structure in July 2021 to ensure effective scrutiny and decision-making. This included due consideration of which committees will receive assurance on mental health, information governance and workforce.</p>

## Ensuring organisational design supports good governance

- 40 Our Structured Assessment 2020 described the Health Board's Pandemic Governance Framework which was implemented on the 17 March 2020 based on the Powys Pandemic Framework and Civil Contingency Plan. Led by the Chief Executive, the Strategic Gold Group provided strong leadership to respond to COVID-19 and continue care for the population of Powys. No changes were made to the Board's Scheme of Reservation and Delegation of Powers.
- 41 The Health Board stood down the Strategic Gold Group on 5 May 2021. Since then, the Executive Committee has maintained oversight of the Health Board, and in particular the COVID-19 response. The Health Board has signalled its intention to review their pandemic response framework during 2022 to reflect and incorporate learning from the COVID-19 pandemic.
- 42 Last year, our Structured Assessment report concluded that the executive team had demonstrated strength, cohesion, and resilience throughout the pandemic period, and this has continued to be the case. There is a full complement of executive directors in place following the appointment of a substantive Medical Director in February 2021. The Director of Nursing and Midwifery will also retire in March 2022 and the recruitment process is underway.
- 43 However, the Board Secretary left the Health Board in November 2021. An interim arrangement has been made for a period of 9 months; however, the appointment will not start until January 2022 which leaves a capacity gap during this period. We are also aware a number of key staff within the corporate governance team have also signalled their intention to leave, including the Head of Risk and Assurance. Given the significant turnover to Board membership due to happen over coming months, gaps in the Health Board's corporate governance team are a concern.

## Planning for recovery<sup>2</sup>

- 44 We found that **the Health Board has developed plans for continuing its response to COVID-19 and the transformation of healthcare services to begin recovery of waiting times. There is positive evidence of partnership working, plans set out specific, measurable and timebound actions for delivery and there is good Board oversight of progress of delivery plans.**
- 45 In 2017, the Health Board, together with Powys County Council via the Powys Joint Partnership Board developed a joint 10-year Health and Care Strategy for the Powys region.
- 46 The Health Board's Annual Plan 2021-22 (the Annual Plan) covers the ongoing response to COVID-19, the delivery and recovery of healthcare services and the Health Board's ambition for renewal/transformation of services to help support continued progress to deliver the 10-year Health and Care strategy.
- 47 The Board discussed the Health Board's draft Annual Plan during its in-committee meeting in March 2021. The immediate organisational priorities set out in the Plan remain the same as the previous year, however six new renewal organisational priorities were added.
- 48 The Health Board received feedback from Welsh Government on the draft Annual Plan. The Health Board addressed the feedback by adding:
- further detail on its capacity and capability to deliver the plan in partnership, including information on cross border arrangements, stakeholder engagement, and accountabilities;
  - further detail on renewal planning and its alignment with the ongoing COVID-19 response; and
  - further workforce modelling data.
- 49 The Board subsequently approved the final Annual Plan at its meeting on 29 June 2021. There was good scrutiny of both the draft and the final versions, with the Board seeking assurance that the plan was realistic and achievable.
- 50 The final Annual Plan is supported by a Delivery Plan which sets out the detailed actions underpinning the organisational priorities. The actions are specific, measurable, achievable, relevant, and time-bound and assigned to a responsible executive.
- 51 The Health Board has evaluated the extent to which population health and wellbeing has been affected by the pandemic, including the impact of the reduction

<sup>2</sup> NHS bodies are required to submit a three-year Integrated Medium-Term Plan (IMTP) to the Welsh Government on an annual basis. The IMTP process for 2020-23 was paused by the Welsh Government in March 2020, to allow NHS bodies to focus on responding to the COVID-19 pandemic. Instead, health bodies were required to submit quarterly plans during 2020-21 as well as prepare an annual plan for 2021-22 by 31 March 2021. Our 2021 structured assessment phase one report considered the Health Board's operational planning arrangements.

in NHS activity and the wider societal impacts due to COVID-19. It has identified six renewal priorities<sup>3</sup> following a full appraisal of the impact of the pandemic. The Health Board has developed a Strategic Renewal Portfolio to drive transformation in these six areas, it has received non-recurrent funding of £2.5 million plus £0.5 million capital funding from the Welsh Government Planned Care Recovery fund. The Strategic Renewal Programme is ambitious and supports the delivery of the priorities in the 10-year Health and Care Strategy. At the time of our work implementation was underway with the development of programmes of activity, each assigned to a lead director.

- 52 Quarterly delivery progress updates against the Annual Plan and the Strategic Renewal Programme are provided to the Delivery and Performance Committee and the Board. The update for the Quarter 2 period (July 2021 to September 2021) was presented at the Delivery and Performance Committee at its meeting on 1 November 2021. The update sets out progress made during the quarter against each of the actions in both plans, including mitigating actions where progress was off-track and areas at risk. The latest update report identified some risks in relation to the Health Board's ability to recruit staff to posts and its ongoing response to the COVID-19 pandemic.
- 53 The Health Board has complex partnership arrangements. The small population size and wide geographical area, combined with a unique set of commissioning arrangements for acute and planned care means that planning, commissioning, and care pathways is complex. The Health Board also operates as a sub-region within the wider mid-Wales footprint, working in collaboration with other healthcare organisations through the Mid-Wales Joint Committee for Health and Care (formally the Mid-Wales Collaborative). As outlined in **paragraph 34 to 38** the Health Board has recently strengthened its committee structure, and the new Planning, Partnerships and Population Health Committee will scrutinise partnership working arrangements. In September 2021, as part of Board Development, the Health Board provided clarity on the complex partnership arrangements to independent members.
- 54 There are a number of partnership groups in which the Health Board participates, such as the Powys Regional Partnership Board, the Public Services Board and the Rural Health and Care Wales Programme. An update report on partnership activity is provided to Board each month by the Chief Executive informing on work undertaken by all partnership groups.

<sup>3</sup> The six renewal priorities are: frailty and community models of care; long-term conditions and wellbeing; diagnostics, ambulatory and planned care; advice, support and pre-rehabilitation; children and young people; and tackling the Big 4 (respiratory, cancer, circulatory and mental health).

## Systems of assurance

- 55 We found that **the Health Board needs to update its Board Assurance Framework and address weaknesses in operational risk management. However, the focus on staff wellbeing is positive, and there are good plans to support Health Board resilience through Winter 2021-22, but focus is needed to ensure Powys residents are appropriately prioritised by commissioned services**

## Managing risk

- 56 **Whilst there is good scrutiny of risks by the Board, the Board Assurance Framework needs to be refreshed to ensure the Board appropriately scrutinises risks to achieving new strategic priorities. There continues work to do to improve risk management, and address weaknesses identified in previous Internal Audit reports, including appropriate escalation of risks. A new risk management framework is in development, and comprehensive training will be required to ensure its effectiveness.**
- 57 The Health Board has not updated its Board Assurance Framework to reflect the new strategic priorities of the organisation. Work to progress this has been affected by COVID-19. Therefore, the Board Assurance Framework has not been presented to the Board since January 2020. The Health Board told us it intends to update the Board on progress on revising the Board Assurance Framework in November 2021. However, the Health Board did identify the risks to achieving the strategic objectives in the Annual Plan and mitigating actions put in place. The Board continued to receive reports on the Corporate Risk Register during this period, providing some assurance in relation to the risk controls and mitigating actions that are in place. The Board recognises that the Board Assurance Framework must be a live tool which drives their meeting agendas and requires regular scrutiny and oversight.
- 58 The Corporate Risk Register is scrutinised by the Board at each meeting. All COVID-19 risks are now included in the Corporate Risk Register. The Health Board moved to the new Once for Wales Concerns Management System in June 2021 to manage concerns, complaints, and incidents. The Health Board is preparing to migrate all risk registers to the same system in April 2022. Currently, the risk registers are MS excel workbook format. This means that managing risk registers is cumbersome, with manual intervention required to escalate risks between differing levels of registers. The introduction of the new system will greatly strengthen oversight of risk management. However, there may be a large exercise needed to standardise information in differing risk registers, before migration to the new system.
- 59 Internal Audit reviews in 2019 and 2020 gave limited assurance on risk management. Findings included an absence of some directorate level operational risk registers and therefore a lack of understanding of how operational risks should

be appropriately escalated to the Corporate Risk Register<sup>4</sup>. Therefore, there was no assurance that all highest-level risks were appearing on the Corporate Risk Register. Internal Audit also highlighted an absence of risk management training and there were no records of risk discussions in directorate and departmental meetings.

- 60 There remains work to do to fully address the weaknesses identified in the Internal Audit reports, and Internal Audit will assess progress in 2022. Our 2021 Review of Quality Governance arrangements found that some risk mitigating actions were missing and the evidence supporting risk score reductions was not clear.
- 61 In 2021, the Health Board has been reviewing its risk management arrangements and is developing a new risk management framework for approval at Board in November 2021. The Board reviewed the risk management appetite in July 2021 and agreed that it should remain the same.
- 62 Despite risk management training being delivered at the request of service groups and teams throughout the pandemic, there is no formal risk management training yet. There are plans in 2021-22 to undertake a roll out comprehensive risk management training based on the new arrangements.

## Quality and safety assurance<sup>5</sup>

- 63 We found that **the Health Board has made a commitment to staff wellbeing and plans are in place to develop further wellbeing support during the year. Quality and safety of services remains a focus, with key plans in place to support resilience of services through Winter 2021-22, but the Health Board will need to ensure Powys residents are appropriately prioritised by commissioned services to support good patient outcomes.**

### Staff wellbeing arrangements

- 64 In June 2020, the Health Board undertook an internal wellbeing survey<sup>6</sup>. The recommendations resulting from the survey included the need to ensure consistent communications on COVID-19 and to improve access to wellbeing support and resources. Since then, the Health Board has developed a Wellbeing Hub internet site and has recently delivered wellbeing workshops and stress management training to staff.

<sup>4</sup> The Corporate Risk Register should contain the highest-level operational risks from across the Health Board, deemed appropriate for Board level scrutiny.

<sup>5</sup> We have limited the work we have undertaken on quality governance arrangements as part of our 2021 structured assessment as we have undertaken a separate review of quality governance arrangements at the Health Board. The review considered whether the organisation's governance arrangements support delivery of high quality, safe and effective services. We have reported our findings in November 2021.

<sup>6</sup> The Health Board received responses from 279 members of staff.

- 65 The Annual Plan makes a commitment to enhance well-being support for staff as a key priority for 2021. The supporting Delivery Plan has identified a number of wellbeing actions which are profiled for delivery throughout the year. These actions include developing and implementing a high-level plan for staff wellbeing, for which the Wellbeing at Work Group will be responsible.
- 66 In 2021, the Health Board considered and refreshed the priorities in its Organisational Development Strategic Framework to incorporate learning from the COVID-19 pandemic. The Framework sets out the principles of organisational design, development, culture, and engagement across the organisation. The Framework is designed to support recovery from the pandemic and the renewal of services. There is a clear intent within the Organisational Development Strategic Framework to develop a multi-layer approach to staff engagement and wellbeing, and to support staff to recover from the pandemic. Progress will be monitored by the Workforce and Culture Committee as well as quarterly updates provided to Board.

### Quality of Services

- 67 The Health Board is primarily a commissioning organisation, with the largest proportion of its budget devoted to securing health care services, including unscheduled and planned care, from neighbouring NHS organisations. The Health Board's plans recognise that renewal or transformation of healthcare heavily relies on services provided by other health and social care bodies within Wales and England.
- 68 To monitor the quality of services the Health Board developed a Commissioning Assurance Framework (CAF) in 2018. The CAF is a continuous assurance process to ensure that commissioned services are safe, personal, effective, and continuously improving. At each meeting, the Patient Experience, Quality and Safety Committee receives a Commissioning Escalation Report detailing any concerns with the quality of commissioned services. A report (**paragraph 32**) is presented to the Delivery and Performance Committee which outlines performance by commissioned providers to enable scrutiny. Due to the unprecedented challenges presented by the cessation of routine services early in the pandemic, there are extensive waiting times for planned care. The Health Board has been assured that commissioned providers are prioritising based on clinical need. The Health Board will need to ensure that they utilise the partnership arrangements set out in **paragraphs 53 to 54** to ensure that Powys residents are appropriately prioritised by commissioned providers.
- 69 The Health Board has made clear its commissioning intentions for 2021-22 include engaging with all providers to understand trajectories and their approach to addressing the planned care backlog. A recent report to the Delivery and Performance Committee in September 2021 on planned care performance also gave a high-level update of operational performance across a range of measures

including diagnostics, therapies, healthcare sciences and planned care within the Health Board.

- 70 The Health Board recognises that Autumn and Winter 2021-22 will be challenging, and there is a need to take appropriate steps to maintain service resilience. A paper to Board in September 2021 outlined a set of jointly developed and agreed actions by the Health Board and key stakeholders who provide care for Powys residents. The actions include:
- a public awareness campaign on how to access healthcare advice and support;
  - agreement on implementing the Autumn/Winter COVID-19 & Flu vaccination programme
  - rollout of frailty assessment and scoring across Powys, enabling earlier detection, planning, prevention and keeping people well and independent at home;
  - accelerating proposals for the virtual ward and use of step-up beds (to increase bed numbers); and
  - implementing a seven-day therapies service from November 2021.

## Tracking progress against audit and review recommendations

- 71 We found that **the Health Board has good arrangements to monitor progress in responding to audit and review recommendations, although a number of medium priority recommendations now need focus as action is overdue.**
- 72 The status and stage of implementation of all recommendations arising from the work of Internal Audit, Audit Wales and Local Counter-Fraud Services is reported to the Executive Committee and the Assurance and Risk Group before being reported at each meeting of the Audit, Risk & Assurance Committee.
- 73 During the COVID-19 pandemic, the Audit, Risk & Assurance Committee agreed to adjusted timescales proposed by services for implementing recommendations. This was to help relieve the pressures on services as they managed unprecedented pressures, by allowing services to focus on implementing actions to address the highest priority recommendations and/or those that were essential to the organisation's response to COVID-19. Further adjustments were made as the pandemic evolved, allowing greater leniency where possible.
- 74 We observed good challenge of progress against implementing recommendations by the Audit, Risk and Assurance Committee. In September 2021, the Committee requested deep dive into progress against any overdue recommendations. Papers for the November 2021 Audit, Risk and Assurance Committee do not include the requested deep dive, and the tracker indicates that 15 medium priority recommendations, which were due to be implemented by 30 September 2021, are outstanding.

- 75 Inspection and review recommendations by Healthcare Inspectorate Wales and the Care Inspectorate Wales are placed on a separate tracker. Progress to implement actions is reported to the Patient Experience, Quality & Safety Committee on a quarterly basis. Our review of the Health Board's quality governance arrangements looked at oversight of its clinical audit programme in more detail.

## Managing financial resources

- 76 Our work considered the Health Board's financial performance, financial controls and arrangements for monitoring and reporting financial performance.
- 77 **The Health Board manages its financial resources well, and there are good arrangements to monitor and report its financial activity. However, delivery of required savings will be challenging and there remains work to ensure timely reporting to the Delivery and Performance Committee.**

## Achieving key financial objectives

- 78 **The Health Board achieved its financial duties at the end of 2020-21. However, achievement of 2021-22 savings targets will be challenging with all savings to be achieved profiled in the last six months of the financial year.**

### Financial Performance 2020-21

- 79 In 2020-21, the Health Board reported a surplus of £143,000 against its revenue resource allocation. The Health Board also achieved its statutory financial duty to break-even over a rolling three-year period (2018-19 to 2020-21).
- 80 COVID-19 has had a considerable impact on the revenue costs the Health Board set out in its financial plan for 2020-21. During 2020-21, the Health Board received an additional £31.4 million revenue funding and £2 million capital funding from the Welsh Government. Additional funding supported the Health Board's response to the pandemic, including the establishment of the Test, Track, Protect and Mass Vaccination programmes.
- 81 The pandemic also impacted on the Health Board's ability to realise its planned savings target of £5.638 million as set out in its original financial plans for 2020-21<sup>7</sup>. The Health Board had identified a number of planned schemes to achieve most, but not all of the savings' target. However, throughout the year reports included narrative on the impact that COVID-19 was having on the ability to achieve the planned savings. At month 12, the Health Board had delivered £487,000 savings (pay and non-pay, primary care, and medicines management). The Health Board brought forward unmet savings of £5.1 million into 2021-22.

<sup>7</sup> This was the savings target set out in the IMTP 2020-23, approved by the Health Board, but not subsequently approved by Welsh Government due to the pandemic.

## Financial Performance 2021-22

- 82 The Health Board's draft financial plan 2021-22 was shared with the Board in March 2021 and approved in June 2021 prior to submission to Welsh Government. It sets out a balanced position for 2021-22. The financial plan includes an underlying deficit of £5.6 million brought forward from 2020-21 (the underachievement of £5.1 million savings and £0.5 million of increased cost pressures).
- 83 In the financial plan, the Health Board set an ambition to achieve savings of £1.7 million during the year. This is an ambitious savings target, and as at Month 6 the Health Board had confirmed plans for delivery of £1.3 million of the total target and profiled their delivery in the last six months of the year.
- 84 At the November 2021 Delivery and Performance Committee, the finance report for Month 6 highlighted concerns on overspends on continuing healthcare costs and ongoing increases in variable pay costs. Although the Health Board was continuing to forecast a balanced year-end position, there were a significant number of risks that needed to be managed in order for this to be delivered.
- 85 For 2021-22 at Month 6, the Health Board was anticipated additional funding of £36 million from Welsh Government to support the Health Board's COVID-19 response and recovery. £2.5 million revenue and £550,000 capital of non-recurrent monies have been allocated to the Health Board for its renewal strategic portfolio programme activities to support recovery from COVID-19.
- 86 Welsh Government confirmed in August 2021 there was agreement that block contract arrangements with English providers would remain in place until year-end to ensure continued financial stability during the pandemic. In the Month 6 financial report it was reported that due to the continuation of block contracts, the Health Board will not be able to deliver any savings linked to commissioning. At the time of our review, the Health Board, although not starting its formal financial planning process, had provided commentary as part of its mid-year review as to the longer-term financial position. The opening underlying deficit for 2022-23 is forecast to be £9.8 million.

## Financial controls

- 87 **The Health Board continues to have good controls to monitor financial activity and COVID-19 expenditure.**
- 88 The Health Board has specific COVID-19 decision making and financial governance arrangements, and these were introduced at the start of the pandemic in 2020. The Health Board has separate COVID-19 cost control centres which enables specific spending to be identified and reported. Expenditure relating to COVID-19 is included on the monthly monitoring returns to the Welsh Government and reported in finance papers to the Board and committees. The financial controls relating to COVID-19 have been regularly updated to ensure they remain fit for purpose, with the last revision in September 2021 where additional cost centres for

recovery and renewal were added, as well as the reference to Gold Meetings being replaced by executive meetings. These updated financial control procedures have been scrutinised by the Audit Risk and Assurance Committee. No significant control weaknesses were identified from our 2020-21 accounts opinion work at the Health Board.

- 89 In September 2021, the Audit Risk and Assurance Committee also approved updated budgetary control procedures which outline the principles and processes of day-to-day management of the Health Board's budgets and summarised the responsibility of budget holders and the finance department. The Health Board has also updated its Standing Financial Instructions, in line with the national standards (See **Exhibit 6, 2018 R7**).
- 90 The Health Board regularly reports to the Audit Risk and Assurance Committee on procurement, losses and special payments and counter-fraud matters. Procurement reports clearly set out the number of Single Tender Actions and Single Quotation Authorisations and the reasons why officers did not follow standard procurement procedures.
- 91 Where Chair's actions out of committee have been necessary, there is a log of the decision, evidence of Board scrutiny and subsequent ratification by the Board. Although, no chairs actions were necessary in 2021-22.
- 92 The Health Board's Counter-Fraud Service presents regular updates on its work and progress to the Audit Risk and Assurance Committee. An ongoing programme of work is in place to raise awareness of fraud, bribery and corruption amongst all staff and practitioners across all sites. Since the start of the financial year the Counter-Fraud team have delivered 12 raising fraud awareness training sessions.
- 93 The Health Board has approved and supported the adoption of a values-based healthcare approach within its 2021-22 Annual Plan. It has set out a programme to be delivered in year, approved by the Health Board's Executive Committee. A Values Based Healthcare Programme Board has been established to manage the Programme. The Board has approved an Efficiency Framework as a first step in supporting the values-based healthcare programme. There are four workstreams, 'pathways and systems', 'non-pay, procurement and continued healthcare', 'workforce efficiency' and 'medicines management'. There are four specific savings schemes<sup>8</sup> which have been projected to release savings of £316,000, and in Month 6 these were all rated as amber for delivery. An update to the Delivery and Performance Committee in November 2021 outlined progress to date. It highlighted that whilst varying posts associated with the programme were in recruitment, there was limited interest due to the posts being short-term.
- 94 Progress on the performance and delivery of savings will be reported monthly as part of the standard finance performance papers.

<sup>8</sup> The four savings schemes are eye care, recovery and planned care, frailty model and diabetes.

## Exhibit 6: progress made on previous year recommendations

Recommendation	Description of progress
<b>Standing Financial Instructions Structured Assessment 2018 R7</b> The Health Board should review and update the Standing Financial Instructions given that the last update was in 2016	<b>Completed</b> The Health Board adopted the nationally updated Standing Financial Instructions in July 2021.

## Monitoring and reporting

- 95 **The Health Board has clear and accessible information to monitor and report on its financial performance, work remains to ensure that committees receive timely information.**
- 96 The Health Board reports financial performance at every Board meeting, and we have observed good scrutiny of its content. Alongside verbal presentations from officers, the reports provide context on the reasons for over or under spends and the factors affecting realisation of planned savings. Information is published on the Health Board's website within Board papers. Our review of the financial reports reported to the Board found they provide high-quality and timely information on financial performance, including financial savings and cost drivers related to COVID-19 (see **Exhibit 7, 2019 R1c**). Financial reports also highlight key risks for consideration by independent members.
- 97 In our 2018 and 2019 Structured Assessments we identified that the timing of the Delivery and Performance Committee's predecessors could be amended so as to allow more timely financial information to be scrutinised, and to avoid late issue of financial reports to Committee members. The Health Board is reviewing the timing of Committees and also the content of both the committee and Board report to ensure that the right information to ensure assurance and scrutiny is received in a timely manner. (See **Exhibit 7, 2018 R5** and **Exhibit 7, 2019 R1a, b and c**).

## Exhibit 7: progress made on previous year recommendations

Recommendation	Description of progress
<p><b>Timing of Committees Structured Assessment 2018 R5</b></p> <p>The timing of the Finance, Planning and Performance Committee<sup>9</sup> business cycle does not allow detailed scrutiny of the most recent financial report in advance of the Board meeting. The Health Board should review its arrangements to allow detailed scrutiny of the monthly financial reports.</p>	<p><b>Superseded</b></p> <p>By 2019 R1 (see below).</p>
<p><b>Performance and Resources Committee Structured Assessment 2019 R1</b></p> <p>There are some issues with the functioning of the Performance and Resources Committee<sup>10</sup>. The Committee does not always receive reports on finance and performance for scrutiny before the Board. Finance papers have also been issued after the main set of papers reducing the time available for preparation. Although the Committee's work plan indicates that it will receive reports on savings delivery at each meeting, this is not always the case. The Health Board should:</p> <p>a) review the schedule of meetings to ensure the timing of meetings supports effective detailed scrutiny of finance and performance by Committee; and</p>	<p><b>In progress</b></p> <p>a) The Health Board is considering the financial information reported to the Delivery and Performance Committee and the Board. The Committee is now receiving the most recent financial performance information, allowing the Board to take assurance from the Committee's scrutiny.</p> <p>b) The timeliness of financial papers for consideration by the Delivery and Performance Committee appears to be improving.</p> <p>c) Financial reports to the Board provide high-quality and timely information on financial performance, including financial savings and cost drivers related to COVID-19.</p>

<sup>9</sup> In March 2019 this Committee changed to the Performance and Resources Committee and then in September 2021 changed again to the Delivery and Resources Committee.

<sup>10</sup> The Performance and Resources Committee became the Delivery and Performance Committee in September 2021.

Recommendation	Description of progress
<p>b) ensure that finance papers are produced and distributed in a timely manner.</p> <p>c) provide reports on the delivery of savings to each meeting to support scrutiny of how the non-delivery of certain schemes will be mitigated to ensure that the 2019-20 break-even position is delivered.</p>	

# Appendix 1

## Management response to audit recommendations

### Exhibit 8: management response

Recommendation	Management response	Completion date	Responsible officer
<p><b>Independent member induction</b></p> <p>R1 The Health Board is experiencing a period of significant change within its independent members cohort. Independent members must be appropriately supported to meet their responsibilities through the provision of an adequate induction programme and ongoing development so they can effectively scrutinise the information presented to them. To supplement the national induction programme, the</p>	<p>Review and strengthen the induction arrangements for Independent Members to improve early understanding of corporate business. To include:</p> <ul style="list-style-type: none"><li>• Background information on establishment of the health board</li><li>• Good governance and structure of Committees</li><li>• Board Assurance Framework</li><li>• Cycle of meetings and Terms of Reference</li><li>• Roles and responsibilities</li><li>• Declarations of Interest and Standards of Behaviour</li><li>• Strategic Plans</li><li>• Role of Charity Trustees</li></ul>	<p>31 March 2022</p>	<p>Interim Board Secretary</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Health Board should develop a local induction training programme as soon as possible to help new independent members ease quickly into their role.</p>	<ul style="list-style-type: none"> <li>• Means of accessing further information on the Health Board</li> </ul>		
<p><b>Associate Board member appointment</b> R2 The Health Board does not currently have any associate Board members to assist it in carrying out its functions. Previously the Corporate Director (Children and Adults) from Powys County Council was as associate Board member but has not attended. The Health Board should work with Powys County Council to identify a suitable replacement as soon as possible.</p>	<p>Interim Board Secretary will engage with Powys County Council's Monitoring Officer to identify a replacement Associate Director.</p>	<p>31 March 2022</p>	<p>Interim Board Secretary</p>

Recommendation	Management response	Completion date	Responsible officer
<p><b>Board and committee agenda papers</b></p> <p>R3 Board and committee meeting agenda bundles are made available in advance of meetings. However, on occasions some papers are provided late and added to a separate bundle called 'supplementary papers'. Late papers do not allow adequate time for scrutiny, and the use of the term supplementary papers is misleading. The Health Board should ensure as soon as possible, that appropriate arrangements are in place to:</p> <ul style="list-style-type: none"> <li>• reduce as far as possible inclusion of late papers;</li> <li>• stop the use of naming late papers 'supplementary'; and</li> <li>• to merge late papers into the main agenda bundle when publishing Board and committee papers on the website.</li> </ul>	<p>The proactive identification of potential/scheduled 'late papers' will continue with the Chair of the Board/specific Committee; maintaining late papers to a minimum.</p> <p>Further actions include:</p> <ul style="list-style-type: none"> <li>• any 'late papers' are no longer named as 'supplementary'</li> <li>• papers are merged into the main agenda bundle when publishing Board and committee papers on the website.</li> </ul> <p>Recognising that on occasions late papers are required. The Associate Director of Corporate Business and Interim Board Secretary to work with Executive Team to review and embed the process and principles for submission of papers.</p>	<p>Immediate action</p>	<p>Associated Director of Corporate Business and Interim Board Secretary</p>





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