

Structured Assessment 2020 – **Velindre University NHS Trust**

Audit year: 2020

Date issued: September 2020

Document reference: 1963A2020-21

This document has been prepared for the internal use of Velindre University NHS Trust as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

© Auditor General for Wales 2020

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Summary report

About this report 4

Key messages 5

Detailed report

Governance arrangements 6

Managing financial resources 16

Operational planning 20

Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2020 structured assessment work at Velindre University NHS Trust (the Trust). The work has been undertaken to help discharge the Auditor General's statutory requirement, under section 61 of the Public Audit (Wales) Act 2014, to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
- 2 This year's Structured Assessment work took place at a time when NHS bodies were responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. On 13 March 2020, the Minister for Health and Social Services issued a framework of actions to help prepare the system for the expected surge in COVID-19 cases. The framework included the cessation of non-urgent planned activity and the relaxation of targets and monitoring arrangements across the health and care system. Emergency funding arrangements were also introduced to facilitate the wide range of actions needed to respond urgently to the COVID-19 pandemic.
- 3 Shorter planning cycles were agreed for 2020-21 and supported by quarterly guidance setting out key considerations for the planning of the next phase of the pandemic, for maintaining delivery of essential services, and a movement towards the gradual reinstatement of routine services.
- 4 Our work was designed in the context of the ongoing response to the pandemic to ensure a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic¹. The key focus of the work is on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors also paid attention to progress made to address previous recommendations² where these related to important aspects of organisational governance and financial management especially in the current circumstances.
- 5 The report groups our findings under three themes:
 - governance arrangements;
 - managing financial resources; and
 - operational planning: to support the continued response to the pandemic balanced against the provision of other essential services.
- 6 The Trust hosts three organisations, Health Technology Wales, the NHS Wales Shared Services Partnership (NWSSP) and the NHS Wales Informatics Service

¹ Our work was co-ordinated with Internal Audit's rapid governance review which includes further testing of key controls noted in this report.

² Previous recommendations can be found in our [2019 report](#).

(NWIS). There are differing hosting and Trust governance arrangements for each organisation. This report focuses on the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively and economically. We have not reviewed these arrangements for NWIS or NWSSP.

Key messages

- 7 Overall, we found that the Trust continued to operate effectively throughout COVID-19. It is building a strong culture of good governance based on transparency, collaboration and constructive challenge. The Trust adapted its governance, quality, safety and risk management arrangements quickly and continues to identify opportunities to improve.
- 8 The Trust and its Board have worked well under pressure to adapt governance arrangements. Business is shared effectively between the Board, Audit Committee and Quality and Safety Committee. Board business is transparent and well communicated. Information flows effectively from the Trust's executive team to the Board and the Board is clearly central to decision making. Board members provide good scrutiny and there is mutual respect between Board members. The Trust continues to review and refine its governance and corporate arrangements and look for ways to improve. The Trust has good arrangements to ensure safe, quality services and to manage risk. It continues to provide good information to assure the Board and its Committees of the quality and safety of its services.
- 9 The Trust's arrangements for managing financial resources are working well. It met its financial duties to break even over the financial year 2019-20 and the three - year rolling period 2017-18 to 2019-20. The Trust continues to forecast breakeven in 2020-21 although achieving financial balance assumes additional funding will be made available to cover the ongoing costs of responding to COVID-19. It has strong financial controls and provides clear information on financial performance and risk for Board scrutiny.
- 10 The Trust quickly developed operational plans as required by the Welsh Government. It is continually identifying the resources needed to deliver the plans and assessing the unknown implications of the pandemic. The Trust has identified risks to implementing its plans, including the resource implications of restarting services. The Board has been involved with developing the plans and has agreed arrangements to monitor progress. The Trust engaged stakeholders to develop and implement its plans but would benefit from earlier engagement with the Community Health Council (CHC) to inform future plans.
- 11 We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work.

Detailed report

Governance arrangements

- 12 Our structured assessment work considered the Trust's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic. We also reviewed the progress made in addressing our previous recommendations.
- 13 We found that **the Trust adapted governance arrangements and how it manages risk and maintained systems of assurance during its response to the first phase of the pandemic and is making progress towards longer-term improvements.**

Conducting business effectively

The Trust adapted governance arrangements to maintain transparency, support agile decision-making and ensure effective scrutiny during the response to COVID-19

The Trust conducts business in an open and transparent way

- 14 Whilst unable to conduct its meetings in public, the Trust's Board moved quickly and effectively to virtual Board and committee meetings. Board papers are published in advance of meetings³. Since March 2020, Board meeting minutes have generally been published within a few days of meetings. Despite good intentions, some Board meeting minutes were not published until confirmed two or three weeks after the meeting. In June 2020, the Trust trialled video recording the Board meeting, and live streamed its first Board meeting in July 2020.
- 15 Our observations of Board meetings found that meetings have been effective with attendees abiding by good meeting etiquette, and opportunities provided to ask questions and comment. There are back-up plans in place should there be problems with IT systems.
- 16 The Trust has continued to engage well with stakeholders, including meeting weekly with local partnership forum members and trade union representatives. Patient advocates from the CHC have attended each Board meeting and provided their views on service changes. During the initial response stage of the pandemic, several service changes were implemented without much opportunity to discuss the changes with the CHC.
- 17 In our 2019 structured assessment report, we outlined positive changes to strengthen and increase the capacity of the senior management structure. Whilst these arrangements were still embedding at the time the pandemic took hold,

³ The Trust completed our 2018 recommendation to ensure board papers are available to the public in advance of board meetings.

executive responsibilities during the response phase have been clear and balanced.

- 18 In March 2020, the Trust implemented its major incident plan and incident management structure to ensure agile and rapid decision making during the pandemic. Led by the Chief Executive, Gold Command Group was responsible for strategic decision making. Gold Command Group was supported by five supporting command groups. Silver Command Group was led by the Chief Operating Officer and responsible for tactical decisions. Separate Bronze Command groups for Velindre Cancer Centre (VCC), the Welsh Blood Service (WBS), support services and Trust headquarters were responsible for making operational decisions. Each command group had defined accountabilities and received information and advice from supporting clinical groups. The Board agreed a decision-making framework and supporting impact assessment process to determine which command group should be responsible for individual decisions. The framework also set out the process for escalating and de-escalating issues arising. Each command group initially met daily, although the frequency reduced to twice weekly in April, reflecting the maturation of the Trust's preparatory activity. At the end of May 2020, the Trust stood down the incident management structure and responsibilities were incorporated into the standard executive management arrangements.
- 19 The Trust commissioned 'cells' to ensure timely, proportionate and co-ordinated Trust-wide management of cross-cutting and critical elements of the COVID-19 response⁴. Each cell is led by an executive officer. Once intended outputs are delivered or the systems set up by the cell are embedded into existing arrangements, individual cells will be stood down. The cells' work has been shaped and focused by principles developed for VCC and WBS outlining the new ways of working, paused activity and ways of assessing patients and mitigating risk.
- 20 As has been the case in previous years, our observations of Board and committee meetings found that executive officers actively seek opportunities to involve the Board's Independent Members (IMs) and have maintained an open, transparent relationship.

Revised governance arrangements have supported Board scrutiny during the COVID-19 response

- 21 In March 2020, the Board agreed that it should focus on maintaining effective oversight and scrutiny. Board meetings have been held each month, an increase from every other month. The Board's committee/partnership forums were stood down for an initial period of six months, with the following exceptions:

⁴ Seven cells were established at the end of April 2020: quality and safety; personal protective equipment (PPE); end of life and death procedures; workforce; digital; planning; and information/performance. In May 2020, two additional cells were established: social distancing; and test and trace.

- the Quality and Safety Committee has met each month and plans to do so until September 2020, when meeting regularity will be reviewed;
 - the Audit Committee and NHS Wales Shared Services Partnership Audit Committee (NWSSP Audit Committee) have met as previously scheduled but meeting dates moved to accommodate the changes in final accounts reporting timescales; and
 - the Transforming Cancer Service Programme Scrutiny Committee has continued to meet as previously scheduled to make critical pathway decisions for the Transforming Cancer Service (TCS) programme⁵.
- 22 The required variation to the Board's Standing Orders was scrutinised and approved by the Audit Committee on 21 April 2020 and the Board on 30 April 2020. Scrutiny, assurance and decision-making responsibilities for those committees stood down were delegated to the Board or a sitting committee.
- 23 The corporate governance team reviewed the committees' programme of business. The review considered which items should be managed/tracked and allocated to a sitting committee, closed by an out-of-committee chair action, or paused and placed in the recovery log. The recovery log is a formal record of items to be continued at a more appropriate time and was presented to each Board meeting. At the June Board meeting, it was confirmed that recovery log items were beginning to be brought back into active management with appropriate scrutiny arrangements. The Trust also developed a central log of external postponed activities and provided it to the Board.
- 24 Board and committee programmes of business were revised to focus on business-critical matters. Best use of board and committee meeting time has been maintained by adding agenda items to the consent agenda⁶, where appropriate to do so. Board members are always given the opportunity to move items from the consent agenda if they feel it is necessary to discuss the item. In addition, board briefings have been used to provide background information about items discussed at Board, to allow formal Board meetings to focus on scrutiny and challenge. Board members received weekly briefings in April (decreasing to fortnightly briefings in May) ensuring all IMs were fully briefed on the Trust's response to the pandemic and the associated issues and risks. The Chair has had daily meetings with the Chief Executive Officer, and regularly attended Gold Command Group meetings to provide a Board view to discussions. The Chair has also held regular briefings with the IMs in relation to pandemic response.

⁵ The TCS programme aims to meet the increasing demand and complexity of cancer care and to deliver more care closer to home. There are a few strands to the programme, the key one being the construction of a new cancer centre.

⁶ A consent agenda is a board meeting practice that groups routine business and reports into one agenda item. The consent agenda can be approved in one action, rather than filing motions on each item separately.

- 25 During our fieldwork we found a consistent understanding of the revised arrangements amongst board members. We also found effective scrutiny and challenge at Board and committee meetings. Meeting minutes provide a detailed summary of board and committee deliberations, including verbal reports.
- 26 Two independent members (IMs) joined the Trust at the end of 2019 and have quickly developed knowledge, skills and confidence. The Trust is seeking approval for the extension of the term of one IM whose appointment is due to end in autumn 2020. Suitable IM cover arrangements were established to ensure quoracy was maintained despite the increased meeting regularity. IMs have been proactive and flexible in their approach including attending more frequent meetings and digesting huge amounts of information.

Information received by the Board is supporting scrutiny

- 27 Papers for Board and committee meetings have been provided in advance of meetings, allowing adequate time for scrutiny. Due to the rapid changing environment, on occasions papers were amended at short notice before meetings. However, verbal confirmation of changes was provided. Board and committee papers are concise and informative, whilst ensuring the Board and committees have the required information to make decisions. Assurance from committees to the Board has continued to work well through committee chair reports at every Board meeting.
- 28 Verbal presentations by officials at Board and committee meetings are usually very good, with clear summaries of often complex information, drawing attention to key issues and areas of concern. We have observed a transparent and explicit approach to the declaration and handling of conflicts of interest.
- 29 Where Chairs' actions have been necessary, for example for NWSSP expenditure on all-Wales provisions, such as personal protective equipment (PPE), ventilators and beds, there is a log of the decision, evidence of IM scrutiny and subsequent ratification by the Board.
- 30 Decision logs have also been created and maintained to record all decisions made by the incident management structure, and separately to record COVID-19 related expenditure. A log was established to track compliance with Welsh Government guidance and legislation relating to COVID-19. Both the expenditure and legislation logs have been shared with the Board for noting, as has a summary of each decision made by the Gold Command Group.
- 31 The Trust has updated a range of policies in response to COVID-19. Revisions clearly identify interim COVID-19 arrangements, and policies have been approved by the Board or a committee. In June 2020, the Trust reported it would review all 150 policies by the end of July 2020 to ensure each remains fit for purpose in the context of COVID-19. It is intended that all policies and their associated approval

mechanisms will be added to a repository register⁷, with necessary interim amendments actioned.

The Board continues to demonstrate a commitment to learning and continuous improvement

- 32 Board and committee meetings continue to provide an opportunity to reflect and feed back on meeting conduct. The Board has considered the effectiveness of the revised corporate governance arrangements for Board and committee business during the pandemic. Rather than return to pre-COVID-19 committee arrangements, the Board has plans to approve a new improved and streamlined committee structure in September 2020 for implementation in October 2020.
- 33 More broadly, Board members want to ensure that the Trust can learn from and adopt positive organisational changes made during the pandemic. At the time of writing, the Trust was holding sessions to capture and learn from the ways of working implemented by the incident management structure and the Board (between March and July 2020). Several themes have been identified, including the improved clarity of decision-making responsibilities, agility of decision making, continued improvement of people practices and enhanced digital connectivity. Where relevant, these themes are being considered alongside existing improvement projects, including the integration of some divisional support functions and the continuing development of leaders and managers.

Systems of assurance

Assurance systems have been maintained during the pandemic enabling strong assurance to the Board and its committees

The Trust has effectively adapted its risk management system to identify and manage new COVID-19 related risks and is making good progress towards longer-term improvements

- 34 In our 2019 structured assessment, we highlighted that the Board had agreed an interim Board Assurance Framework (BAF)⁸ in November 2019. We recommended that the Trust should complete and expedite the development of its full BAF with an underpinning up-to-date risk management framework. In previous reports we have also recommended that the Trust should standardise the format of its various risk

⁷ The Trust had previously identified that there was no central repository for the management and document control of Trust policies.

⁸ A key document for recording and reporting the risks to achieving strategic priorities, the controls needed to mitigate against risks, sources of assurance, responsible executive officers and committee scrutiny arrangements.

registers and ensure that the risks relating to the delivery of strategic priorities are included in the corporate risk register (CRR).

- 35 In January 2020, the Trust set out its plans to complete the development of the BAF, risk appetite, CRR and risk management framework by June 2020. Whilst the Trust has continued to make good progress through 2020, the completion date has been extended until the end of October 2020 to focus on COVID-19 governance. The Board and Audit Committee have been kept informed of progress to date. Work to develop a new BAF template has continued. The Trust plans to identify strategic risks aligned to operational plans and the Trust long-term strategy currently in development. The intention is to add all identified strategic risks to the BAF with associated controls, sources of assurance, responsibilities and committee scrutiny arrangements. It is also intended that qualifying strategic risks will be added to the CRR.
- 36 The Trust undertook a review of all operational risks on divisional risk registers in January 2020. The review considered the suitability and consistency of risk scores, mitigating controls and escalation arrangements prior to migrating all risks to an upgraded risk module in Datix⁹. Work is progressing to standardise divisional and hosted body risk registers, and to ensure that escalation arrangements are working as required. The Trust plans further work to improve the description of risk and clarity of mitigating controls and sources of assurance (and their effectiveness) in risk registers, and to ensure that risk registers reflect the new risk management framework requirements.
- 37 Work is also progressing to refresh the risk appetite statement with accompanying guidance on how to apply risk appetite to mitigating actions for managing operational and strategic risks.
- 38 The development of the risk management framework is running concurrently with the development of the refreshed BAF, CRR and risk appetite statement. The initial outputs of all strands of work will be considered by Executive Management Board and by the Board during summer 2020, with Board sign-off planned for October 2020. The Trust is considering how risk management training will be rolled out to staff.
- 39 It is too early to comment definitively on the developing risk arrangements, but the work completed to date along with planned developments indicates a positive direction of travel. The Trust is also recommencing work to refresh the performance management framework and quality governance framework. Once developed, they will be brought together with the risk management framework into an overarching integrated governance framework.
- 40 In response to COVID-19, in April 2020, the Trust impact assessed all risks on the Trust CRR to enable the management of critical risks to be prioritised. All risks on the CRR that would normally be scrutinised by a committee stood down during

⁹ Datix is a web-based incident reporting and risk management system used by healthcare organisations.

COVID-19 have been mapped to a sitting committee for scrutiny. A small number of risks were paused where their relevance was temporarily superseded by the COVID-19 response¹⁰. New COVID-19 risks are flagged. Between April and May, critical risks were managed through the incident management command structure with appropriate escalation arrangements in place. Since June, standard escalation arrangements to Executive Management Board have applied. Any COVID-19 risk scoring 12+ is escalated to the CRR¹¹ for Board consideration. The Board has been closely involved in developing and overseeing the Trust's approach to managing strategic and operational risks associated with COVID-19. The CRR is scrutinised and challenged at Board and both Audit Committee and Quality and Safety Committee.

The Trust has maintained focus on requisite quality and safety during COVID-19, with key assurances provided to the Board and Quality and Safety Committee

- 41 Since March, the Board and the Quality and Safety Committee have received a monthly COVID-19 update report setting out the latest developments and changes to service delivery. The Quality and Safety Committee has also received:
- dashboard reports of COVID-19 cells (quality and safety, PPE, end of life procedures, workforce, planning, social distancing and test and trace). Reports provide summaries of actions completed, actions to be completed, and key risks/issues.
 - a summary of the decisions made by the Gold Command Group when it still met.
 - highlight reports of topics normally considered by the Quality and Safety Committee, but with adaptations to consider and reflect COVID-19 assurances.
 - new quality and safety reports for both VCC and WBS covering key updates and issues (not reported in existing highlight reports)¹², including reporting on the impact of COVID-19 on the quality and safety of services.
- 42 The Quality and Safety Committee considered whether it was receiving adequate assurance in each of the areas set out in the Welsh Government guidance on **Discharging Board Committee Responsibilities during COVID-19 response phase**, and arrangements were made to fill gaps in reporting.

¹⁰ For instance, risks relating to radiotherapy capacity and overcrowding of the outpatient department at VCC were paused to be considered as part of demand and capacity planning within the recovery phase.

¹¹ Normally only risks scoring 16+ are escalated to the CRR.

¹² The introduction of this report will help to ensure regular, cyclical reporting and consideration of key aspects of quality and safety, which previously were considered on an ad hoc basis.

- 43 In previous structured assessment reports, we have made recommendations on addressing weaknesses in the scrutiny of clinical audit planning and reporting. As a result of the pandemic, the target date for completing actions to address recommendations has been postponed to October 2020. The Trust has, however, established a Quality Improvement Hub comprised of a multidisciplinary panel to consider the feasibility of clinical audit projects and ensure appropriate governance arrangements are in place. A Trust-wide clinical audit plan was approved by the Quality and Safety Committee in July 2020. The plan sets out national and local programmes of clinical audit work, which will be prioritised and restarted when appropriate to do so. The plan also identifies COVID-19 related clinical audits (relating to infection control and the implications of changes to treatment plans). It is intended that clinical audit will form a key part of the developing integrated governance assurance framework, which will help to strengthen monitoring of the quality of services across the Trust. In addition, there are plans to refocus quality assurance in WBS to support change and improvements rather than on just inspection and enforcement.
- 44 The Quality and Safety Committee has continued to scrutinise reports on investigations into complaints and incidents. Reports identify trends, potential areas of concern, and the action taken to share learning across the organisation. The committee received the annual **Putting Things Right** report in July 2020. Committee reports also set out the Trust's process for investigating hospital acquired COVID-19 infections amongst both patients and staff¹³. The Quality and Safety Committee has received assurances that the Trust has appropriate reporting mechanisms to comply with reporting of COVID-19 serious incidences, and the notification of deaths suspected to be related to COVID-19. Mortality reviews continue to be undertaken and reported to the Quality and Safety Committee.
- 45 The Quality and Safety Committee received assurance from the End of Life cell that VCC complied with relevant guidance on end of life care and care of the deceased. Arrangements are in place for the ongoing staff communication and monitoring in relation to the guidance. The End of Life cell has also led on ensuring appropriate bereavement support for next of kin and ensuring that visiting arrangements align with national requirements.
- 46 The Trust continues to monitor compliance with patient safety alerts and notices and to report quarterly to the Quality and Safety Committee.
- 47 The Trust's Infection, Prevention and Control Management Group has met at least monthly throughout the pandemic. The Quality and Safety Committee has received assurance on the enhanced cleaning regimes put in place. Findings of hand hygiene compliance and cleaning standards reviews have been reported to the

¹³ The Trust has developed processes for reporting and investigating patient and staff acquiring COVID-19, which have been incorporated into a national approach.

Quality and Safety Committee, with a clear summary of actions either already implemented or underway to improve compliance.

- 48 The PPE cell's dashboard has been reported to the Quality and Safety Committee, providing a summary of the key headline message and actions completed and currently underway. The dashboard information has provided assurance to the Board on levels of PPE stock, usage rates, compliance with fit testing of masks and compliance with donning and doffing of PPE.
- 49 Reports from the social distancing cell provide a summary of measures implemented in VCC, at WBS sites and the Trust headquarters to limit the spread of infection and comply with social distancing requirements.
- 50 Clinical decisions to defer or to change cancer treatments have been made under a Clinical Governance and Operating Framework (Clinical/ Patient pathway/ Treatment Decision Making During COVID-19). The Board approved the framework in March 2020 and again in May when it was updated. The Board has been kept up to date with changes to patient treatment pathways and deferred care. A report to the June 2020 Quality and Safety Committee provided assurance that there were no essential services unable to be maintained. Risk assessments are carried out and considered before making decisions on changes to service delivery or the reinstatement of services. Decisions on service changes are informed by the Welsh Government and other relevant guidance.
- 51 Committee reports indicate that the Trust is working to identify the risk of harm to patients. Performance reports provide a summary of performance against waiting times and a summary of reasons and impact on patients. The Trust has established a multidisciplinary Clinical Touchpoint Group to provide support to clinical teams in developing clinical prioritisation and impact assessment processes. A review of all patients whose care was deferred during the pandemic is scheduled for completion by September 2020. At this time, patients will be moved on to an appropriate treatment pathway, and the impact and harm of deferred treatment will be identified and captured. Future reporting will need to focus on the outcomes.
- 52 We previously reported on the Trust's comprehensive and proactive approach to staff health and wellbeing. During the pandemic, the Quality and Safety Committee has received regular assurances on the Trust's approach to staff wellbeing and steps to protect staff during the pandemic. The Trust is working in partnership with trade unions and staff representatives to understand staff concerns, to develop and issue surveys and implement communication campaigns around the importance of risk assessment for vulnerable staff. In **paragraph 85** we have provided more information about the wellbeing initiatives for staff. Trust staff also developed several excellent publicly available videos explaining how the pandemic has affected the way they work, and to give reassurance to patients and donors about the safe continuation of services.
- 53 The Trust developed a workforce risk assessment tool to assess staff who are vulnerable or at increased risk of contracting coronavirus, including people from

BAME backgrounds, and subsequently incorporated the All-Wales toolkit. Staff are encouraged to complete their self-assessments and return them to their manager. At the June 2020 Quality and Safety Committee meeting, the Trust reported that 97% of staff had completed the risk assessment. Different arrangements exist for staff identified as at higher risk, including homeworking, higher levels of PPE and where appropriate medical exclusion.

- 54 The Trust developed a COVID-19 workforce dashboard to monitor recruitment, deployment, PPE training compliance, absence, staff testing, risk assessments and ensuring safe staffing levels. The Quality and Safety Committee and Board also receive workforce metrics, including COVID-19 related absences, those who are shielding or self-isolating.

Tracking of progress against audit recommendations has continued

- 55 The Trust has a well-established approach for tracking progress against audit recommendations. The Audit Committee has continued to review the internal and external audit tracker at each meeting. In our 2019 report we recommended that the Audit Committee should establish a mechanism to satisfy itself that actions taken were satisfactory to remove recommendations from the tracker. Work continues to address this recommendation.
- 56 The July 2020 audit tracker highlighted the actions where extensions to implementation dates had been requested due to COVID-19. The extension requests were approved by the Audit Committee. We noted that some actions that had missed the completion deadline omitted a recent update and a request for an implementation extension. For these actions the Audit Committee set an appropriate completion deadline and escalated the requirement to provide this information in the Audit Committee highlight paper to Board.
- 57 The Quality and Safety Committee external and internal audit improvement tracker has been embedded over the last 12 months. The June 2020 tracker provided assurance that actions had been implemented to close most recommendations. For those actions in progress or overdue, a revised completion date was provided, due to the inability to meet the original deadlines as a direct consequence of responding to the pandemic.

Managing financial resources

- 58 Our work considered the Trust's financial performance, changes to financial controls during the pandemic and arrangements for monitoring and reporting financial performance.
- 59 We found that **the Trust's arrangements for managing financial resources are working well but they assume additional funding to cover the ongoing cost of responding to COVID-19.**

Achieving key financial objectives

The Trust continues to meet its financial duties but financial plans for 2020-21 assume additional funding to cover the ongoing cost of responding to COVID-19

The Trust continues to meet its financial duties

- 60 The Trust consistently achieves financial balance and, in 2019-20, reported a small surplus of £24,000. The Trust also achieved its statutory financial duty to achieve break-even over a rolling three-year period (2017-18 to 2019-20). The Trust secured an approved integrated medium-term plan (IMTP) for the period 2019-20 to 2021-22. The year-end position included £80,000 of costs related to the Trust's response to COVID-19. Of these additional costs, £46,000 of capital expenditure was funded by the Welsh Government, and the remaining £34,000 of revenue expenditure was managed within the Trust's year-end position¹⁴.
- 61 In 2019-20, the Trust established a savings requirement of £1.833 million, of which £1.504 million was to be delivered from identified savings schemes and income generation with the remaining £0.329 million to be met by additional income targets and accountancy gains. The Trust delivered 93% of its planned savings schemes, delivered the intended income targets and accountancy gains, but made further savings through holding open vacancies. Therefore, overall, the Trust delivered £1.594 million (106%) of planned savings, of which 72% are recurrent.

The Trust's programme of work for 2020-21 is underpinned by a financial plan but achieving financial balance assumes additional funding will be made available to cover the ongoing cost of responding to COVID-19

- 62 The Trust's financial plan for 2020-21, set out in the IMTP, was shared with the Board in January 2020. The plan identifies that savings of £1.4 million (£0.8 million

¹⁴ Considerable additional expenditure relating to COVID-19 was incurred by NWIS and NWSSP, but does not fall within the scope of our review.

of actual savings and £0.6 million of income generation schemes) are required to achieve break-even. The savings target is set in the context of;

- offsetting the underlying deficit brought forward from 2019-20 (£0.539 million);
- covering £1.517 million of new cost pressures and investments to fund changes set out in the IMTP; but
- recognises a new recurring income allocation of £0.656 million. The identified savings comprised £1 million of actual savings and £0.4 million of income generation schemes.

- 63 Since March 2020, the Trust has revisited and adapted its financial plans. It is a challenge to develop definitive plans given numerous unknown factors regarding the impact of the pandemic. Uncertainties include the ability to make savings and realise income, the unknown quantum of additional Welsh Government funding to fund COVID-19 costs and uncertainties around commissioning health board fees.
- 64 At month 2, detailed savings plans had been developed for £1.05 million of the target. However, £0.35 million of savings schemes were still in development and needed to be risk assessed in terms of achievability and service impact. A significant proportion of the savings were expected to be delivered through service redesign and workforce rationalisation, which the Trust has not enacted due to the capacity needs of delivering during the pandemic. The Trust also anticipates the likelihood of achieving intended income from an increase of blood products to be low. As at month 3, the Trust reported that it anticipates that only £0.7 million (50%) of the full-year savings and income generating target is considered achievable. Month 3 plans show there are detailed savings plans of £0.65 million (a reduction of £0.4 million from the previous month), £0.05 million of plans in development and the remaining £0.7 million of savings unlikely to be delivered. Month 3 year-to-date savings have underachieved by £0.139 million.
- 65 Over the last couple of years, the Trust has been working towards introducing a new financial costing model. The model is based on new contract currencies (activities) and prices that better reflect the range and complexity of the specialist cancer services provided by VCC. The model is sufficiently flexible to accommodate treatment changes over time. As well as agreeing new prices based on time-driven activity-based costing, more realistic marginal rates for variances in contracted volumes have also been agreed with the commissioners. The Trust aimed to implement the model in 2020. However, reduced levels of activity during the pandemic mean the Trust and commissioners agreed a revised approach for the first half of 2020-21 to ensure the Trust's financial stability. For the first half of 2020-21, the Trust's income from VCC commissioners was based on the 2019-20 outturn plus agreed baseline uplifts for 2020-21. There is uncertainty over the agreement of funding levels for the second half of the year, as no agreement has been reached. At the time of writing, the Trust is planning on a neutral impact regarding marginal activity income due to the complexities and uncertainties around forecasting future activity levels.

- 66 At month 3, the Trust reported that the total forecasted expenditure on COVID-19 for 2020-21 is expected to be £3.354 million with the potential for further investment of £4.684 million to increase capacity later in the year should demand reach pre-COVID-19 levels of activity. Thus, total costs could amount to £8.038 million. This has increased significantly from previous forecasts due to the inclusion of the potential further investment of £4.684 million. The total includes £2.438 million in pay costs, £5.150 million in non-pay costs and £0.7 million in non-delivery of savings. However, the Trust anticipates a reduction of £0.25 million in costs. The non-pay expenditure forecast includes £1.153 million relating to an all-Wales convalescent plasma service, which the Welsh Government has agreed to fund.
- 67 Therefore, as of month 3, the unfunded forecast revenue expenditure for COVID-19 could amount to £6.885 million if demand were to reach pre-COVID-19 levels. The year-to-date expenditure on COVID-19 is £0.764 million. At month 3, the Trust reported a small overspend of £13,000, with a significant underachievement against income offset by an underspend in both pay and non-pay. The Trust is currently working to the assumption that full costs and any savings that are directly affected by COVID-19 will be fully funded by the Welsh Government.
- 68 At month 3, the Trust's approved capital funding for 2020-21 totalled £4.992 million. This represents all-Wales capital funding of £2.653 million and £1.850 million of discretionary capital and confirmed COVID-19 funding from the Welsh government of £0.489 million. The Trust is forecasting to spend £1.457 million on COVID-19 related capital expenditure during 2020-21. A submission was made to the Welsh Government in June requesting funding to support these costs. The Trust has since received confirmation of funding of £92,000 for digital devices and £0.397 million on convalescent plasma collection devices. At month 3, capital expenditure was in line with planned expenditure, excepting that relating to COVID-19. The Trust is developing discretionary capital schemes that will be ready to proceed once the Trust receives confirmation of funding from the Welsh Government on both COVID-19 and TCS programme funding. Discretionary funding has been allocated to both divisions to allow urgent digital schemes to progress.
- 69 The TCS Programme is primarily funded from a separate capital budget allocation provided by the Welsh Government. Capital requirements are outlined in the formal business cases that have been submitted to the Welsh Government. Whilst awaiting the approval of the business case, the Trust has submitted an interim request for funding of £1.1 million for the period April to September 2020 and, until a decision is made, is using discretionary funding to support the TCS programme.
- 70 The Trust has submitted the monthly monitoring returns to the Welsh Government in line with the new templates. The financial position is reported to Board each month, although full reports were not received in March and April. Our review of financial reports reported to Board in May to July found they provide high-quality and timely information on financial performance, including financial savings and cost drivers related to COVID-19. Finance reports also clearly identify financial risks and cost implications.

Financial controls

Mechanisms exist for accurately recoding and tracking COVID-19 expenditure and the Trust made necessary changes to financial controls

- 71 The Trust's financial governance arrangements are largely unchanged except for approved changes to delegated limits for the Trust Chief Executive and NWSSP's Chair and Managing Director. A temporary increase in the Chief Executive's delegated limit enables him to commit financial resources of up to £1 million for COVID-19 related activity only (an increase of £900,000). The delegated authorisation limit for NWSSP's Chair and Managing Director was lifted to £2 million and subsequently to £5 million in respect of COVID-19 expenditure incurred on behalf of NHS Wales (for PPE, beds, ventilators and oxygen). An NWSSP Finance Governance Group was established on behalf of NHS Wales to oversee expenditure that required payments in advance and/or approval by the Trust Board. The Trust's vice-chair sits on this group, enabling the Trust's governance responsibilities for NWSSP expenditure to be considered. The requirement to notify the Welsh Government of the Trust's and its hosted bodies' intent to enter a contract over £1 million or where advance payments were worth 25% or more of the contract value remain in place.
- 72 The Board also approved suspending the requirement to follow the Standing Financial Instructions' procurement thresholds related to competitive tenders and quotes during the COVID-19 emergency, which is permissible under current procurement regulations. The Trust's Audit Committees continue to receive Trust, NWIS and NWSSP reports on Single Tender Actions (STAs) and Single Quotation Actions (SQAs) as required in the SFIs. There have been no prepayments made by the Trust during COVID-19, other than those relating to All Wales purchases by NWSSP. The NWSSP Audit Committee has received reports containing details of purchases where an advance payment was required, and reports of All Wales related COVID-19 expenditure. Escrow¹⁵ accounts were set up for new suppliers and where upfront payments were required.
- 73 The Trust set up separate cost codes to capture COVID-19 related expenditure in each directorate to which all agreed revenue expenditure should be coded. Mechanisms exist to ensure that expenditure coded to COVID-19 is appropriate, and that expenditure is within delegated budgets. The Trust has maintained decision logs relating to COVID-19 financial expenditure. Expenditure relating to COVID-19 is included on the monthly monitoring returns to the Welsh Government and reported to Board.

¹⁵ Escrow is a financial arrangement in which two parties enlist a third party to temporarily hold money, paperwork or assets for a transaction on their behalf before the transaction has been finalised.

Operational planning

- 74 Our work considered the Trust's progress in developing and delivering quarterly operational plans to support the ongoing response to COVID-19 and to provide other essential services and functions in line with Welsh Government planning guidance. At the time of our work, the focus was on essential services with the aim of restoring normal and routine activities when it is safe and practicable to do so.
- 75 We found that the **Trust worked well to develop its operational plans and is continually identifying the resources needed to deliver its plans, but the CHC was not involved early enough in the development of plans. Effective monitoring arrangements are in place.**

Developing the plan

Regular liaison with stakeholders during the pandemic helped the Trust quickly develop quarterly plans, although the Trust acknowledges that the CHC could have been involved earlier

- 76 In May 2020, the Welsh Government issued an operational planning framework to guide NHS bodies in developing quarterly plans. The Trust worked well with its Board in developing the quarter one and quarter two plans with both plans produced quickly and submitted to the Welsh Government by the required deadlines. The Trust ensured a process for approving plans given the submission deadline was before the Board was scheduled to meet. The process gave board members an opportunity to comment and challenge followed by the Chair's action and subsequent ratification by the Board.
- 77 The Trust engaged and collaborated with stakeholders throughout the pandemic, which helped shape the quarterly plans. The Trust worked with the Welsh Government, health boards and other partners, such as the Wales Cancer Network to develop its plans. Collaborating with partners has helped to identify factors that could reduce service capacity, to understand the impact on demand over the medium to longer term and to identify options for increasing service capacity. There is clear recognition by board members of the value of the partnership approach and the expertise brought by partners including the military, local authorities, the university sector, other health bodies and the voluntary sector. The Trust recognises that they need to ensure more timely discussions to allow the CHC to input into plans to change service delivery in response to COVID-19 and inform the next operational plan.
- 78 The Trust undertook a self-assessment against the Welsh Government's Essential Services Framework. The self-assessment identified that the Trust had been able to maintain its essential services during the pandemic, even where services were delivered differently. The Essential Services Framework has recently been updated and includes the Framework for the Reinstatement of Cancer Services in Wales

during COVID-19. The Trust has included relevant actions in its quarter two operational plan to reinstate routine cancer services.

- 79 When developing its quarterly plans, the Trust undertook capacity and demand modelling taking into account the Welsh Government's and others' guidance on reinstating services. Capacity planning considers the impact of constraining factors (such as social distancing and infection prevention and control) and the potential for extending working hours/days and outsourcing options. Capacity planning considers the need to ensure staff, patient and donor safety and to minimise the risk of COVID-19 transmission.
- 80 At WBS, the focus for quarter two is on reinstating the small number of services that have been paused and increasing activity levels of services reduced as a result of the pandemic. The quarter two plan for WBS, by necessity, makes numerous assumptions around factors such as the COVID-19 clinic model, including social distancing and screening requirements, increase in demand for blood, activity returning to pre-COVID-19 levels, donor behaviour, workforce absence through shielding and deferral periods for donors recovering from COVID-19. WBS has highlighted the difficulties in quantifying demand for blood and is working with health board blood bank managers to keep informed about changing demand. WBS is planning on the basis that demand for blood will reduce initially by 20% but increase to 10% above normal levels over quarter two as health boards start to reinstate services. WBS forecasts indicate the service will be able to meet demand for blood during quarter two. WBS is also modelling expected blood collection levels and reviewing its clinic locations, as well as considering reopening community venues.
- 81 During quarter two, the focus for VCC is to reinstate its outreach service model, maximise service capacity at VCC and outreach locations, and develop additional service capacity with third-party providers. The Trust is taking a cautious approach but recognises there are opportunities to align new service models with its strategic objectives and transformational models of care. The impact of the pandemic on VCC's clinical service model was significant. Pre-COVID-19 over a quarter of VCC's services were provided in outreach locations or patient homes. However, all services were quickly centralised, with the aim of maintaining safe services for patients in a COVID-19 safe environment. In addition, significant patient treatment pathways were introduced, including transferring patients from radiotherapy pathways to systemic anti-cancer therapy (SACT) pathways, leading to an increase of 500% of SACT referrals in March 2020. Like WBS, VCC's demand planning is based on assumptions. VCC anticipates a gradual increase in demand for its services during quarter two, and a significant increase during quarters three and four.
- 82 The Trust is risk profiling patients to help plan and prioritise those most risk of harm (see **paragraph 51**).
- 83 Our review of the Trust's quarterly plans shows that they are operationally focussed and appropriately incorporate the required flexibility of services in the

short term, in line with Welsh Government requirements. Both WBS and VCC have developed a set of key actions and risks to ensure they achieve the objectives outlined in their recovery plans.

Resources to deliver the plan

The Trust is continually identifying the resources needed to deliver its operational plans and restarting services and assessing the unknown implications of the pandemic

- 84 The Trust faced workforce resourcing challenges when initially responding to the pandemic due to several factors, including, for example, sickness absence, special leave relating to COVID-19. The Trust established a Workforce Hub to support additional recruitment, deployment of staff, manage workforce information and implement an effective infrastructure for staff wellbeing. A range of actions were implemented, including:
- increasing levels of internal staff recruitment, extending contracts for existing short-term/temporary staff and making temporary appointments to meet demand for blood services;
 - establishing an external recruitment supply chain to appoint staff via a fast track process to the Trust Bank staff pool;
 - engaging with the all-Wales COVID-19 Hub to deploy final-year nursing students to VCC;
 - completing an assessment of the organisation's business critical roles to enable the deployment of staff to support business critical areas;
 - developing a workforce dashboard (see **paragraph 54**); and
 - establishing a Workforce Cell to monitor key COVID-19 measures relating to staff safety and wellbeing.
- 85 Staff health and wellbeing have been a key priority for the Trust throughout the pandemic and it recognises that staff will be under increased pressure moving into the recovery phase. Our work found that the Trust has introduced a range of wellbeing initiatives, for example:
- introduced a workforce COVID-19 helpline for staff and managers;
 - adapted existing Trust health and wellbeing intranet pages to provide specific COVID-19 support and guidance to staff, including self-care, employee assistance programme, financial wellbeing and manager support;
 - providing wellbeing updates in daily communications with signposting to internal and external interventions and resources;
 - developed and implemented flexible working policies and practices around homeworking, shielding, annual leave extension, special leave, flexible working practices, temporary deployment, extension of childcare subsidy scheme and staff risk assessments;

- allocating on-site break-out areas for staff to take time out;
- the Trust's patient psychology team are providing support to staff and managers to support their teams;
- staff testing arrangements are in place and have been communicated to staff; and
- implementing risk assessment processes to identify staff who might be more vulnerable from the virus.

86 In recognition of the value of the staff break-out areas and the psychology services, the Trust is preparing business cases to enable it to continue to provide both on a continuing basis.

87 The recovery phase will see sustained work around staff health and wellbeing through the development of a Health and Wellbeing Plan, based upon the CARE model (create, assist, rapid, engagement). This will include launching a confidential online platform for staff to voice their concerns, provide suggestions / ideas for improvement as well enabling the Trust to collect useful wellbeing data.

88 The Trust's quarterly plans were both underpinned by financial plans indicating the cost of new service models with forecasts to March 2021. Financial plans have subsequently been adapted and updated to reflect more detailed demand and capacity planning. We set out detail about financial plans in **paragraphs 62 to 68**).

89 The Trust's plans highlight constraints on physical space at the VCC site. Limited physical space is a long-standing risk on the CRR but compounded by social distancing requirements and infection prevention and control guidelines related to COVID-19. The Trust is exploring options to maximise capacity at VCC and across outreach settings, for example, by extending working days/hours, reconfiguring the VCC estate, increasing the agency staff use. VCC is also exploring a range of options with health boards and third-party providers to maximise capacity and provide service resilience over the medium to long term. The options include the expansion of the Tenovus Mobile Unit to deliver SACT, expansion of the SACT homecare service and an increase in radiotherapy capacity in partnership with Swansea Bay University Health Board and the independent sector.

90 Should demand for acute oncology services increase above expected levels, VCC will implement its surge capacity plan. At the outset of the pandemic, the inpatient and assessment unit at VCC was expanded, increasing the number of available beds. To date, the expected demand has not materialised. However, we understand that there could be a staffing risk if capacity is fully utilised in the event of an increase in the COVID-19 infection rate. The arrangements are subject to ongoing review to enable VCC to develop service delivery options that it can apply to various scenarios.

91 For WBS, the easing of 'lockdown' has meant that some temporary venues utilised during the pandemic are no longer available as organisations reopen services. Furthermore, WBS's existing venues may remain unsuitable where they do not meet the requirements of the COVID-19 clinical operating model. Work is

underway to identify suitable premises to use as blood donation clinics and share mobile blood collection facilities with other organisations.

- 92 Whilst not explicitly set out in the operational plans, the Trust is managing the risk of disruption, delays or inability to provide a full range of treatments and services if the UK Government does not achieve a withdrawal agreement with the European Union by the end of 2020. The Trust's CRR identifies the risk to the availability of PPE, medicines and other supplies in the context of a no-deal withdrawal.
- 93 The Trust has embraced innovative digital solutions to maintain service delivery and comply with social distancing. Services are increasingly being provided virtually to reduce the need for patients to attend clinics. VCC has introduced remote consent for radiotherapy treatment, virtual assessment pathways for SACT patients and increased utilisation of virtual clinics (Attend Anywhere). The Trust's Digital Team has seen a significant increase in demand across its services during the initial response to the pandemic stretching its capacity. Subsequently it has identified a series of roles and functions that will be essential in maintaining service delivery and progressing key digital projects during this period.
- 94 The Trust is developing mechanisms to identify lessons learned from its response to the pandemic. Learning will inform planning for the remainder of the year and any potential increase in COVID-19 infection rates. The Trust plans to review IMTP priorities and actions as part of its quarter two Operational Plan, to consider whether the priorities and activities to deliver them are still relevant given the significant impact of COVID-19.

Monitoring delivery of the plan

The Trust has effective arrangements to monitor progress against its operational plans

- 95 During the early stages of the pandemic, the Trust's normal governance arrangements were amended, with the Board overseeing progress against the response and related plans. The Board has continued to receive its standard performance report, which clearly identifies where COVID-19 has affected performance. The July 2020 performance report included a significant improvement in the description of underlying reasons where performance is off track. The Trust is continuing work to refresh and improve its performance management framework.
- 96 In our previous structured assessment, we recommended that the Board should agree the information it requires to support its scrutiny of progress made to deliver all priorities (and supporting actions) set out in its IMTP. The IMTP demonstrates overall progress against delivery of the overarching strategic objectives and key deliverables was on target. The new IMTP tracker was implemented in 2020 and received by the Board in the January and March Board meetings. The IMTP tracker provides a good summary of objectives, deliverables in-year, progress

made to date, overall status and key risks. The tracker could be improved by including the impact the actions had on delivering the Trust's strategic objectives.

- 97 The quarter two plan sets out the progress made against actions set out in the quarter one plan. A clear RAG rated approach, similar to the approach for the IMTP, is used for tracking operational plan progress. The RAG rating makes overall progress easily visible, but there is no information on the impact of the action taken.
- 98 Our Board observations found that numerous COVID-19 update papers were presented to Board during June and July 2020. Whilst update papers provide detail and assurance on many aspects of the Trust's response, the Board did not receive a summary drawing together progress made towards delivering the actions set out in the quarter one plan until the Board received the quarter two plan for approval. However, we acknowledge that the Trust had little opportunity to do so given the short window of time between submitting the quarter one plan and developing and submitting the quarter two plan.
- 99 The Trust has arrangements in place for the Board to monitor and scrutinise progress against the quarter two plan. In September 2020, the Board will receive a reporting of progress against the plan. Going forward, (assuming that the new committee structure will be approved) the Trust Quality & Safety, Performance & Assurance Committee will regularly scrutinise progress against quarterly plans. It is likely that the Welsh Government will require a single operational plan for the remainder of the year. Evaluating progress against the quarter 2 plan will help inform the development of the operational plan for the remainder of the year.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.