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Summary report

Context

- 1 Structured assessment examines the Public Health Wales NHS Trust's (the Trust) arrangements that support good governance and the efficient, effective and economic use of resources. In previous years, the work assessed the robustness of financial management arrangements, the adequacy of governance arrangements, the management of key enablers that support effective use of resources, and the progress made in addressing previously identified improvement issues. Our 2015 work found that the Trust's arrangements to support good governance and the efficient, effective and economical use of resources continued to evolve with good progress in a number of key areas and financial breakeven likely for 2015-16.
- 2 Structured assessment work in 2016 has again reviewed the Trust's financial management arrangements and the progress made in addressing the previous year's recommendations. This year, we have also carried out comparative work in three areas. The selected areas and the scope have been informed by our own analysis of all-Wales issues and discussion with board secretaries. The areas of comparative work include:
 - the format of financial reporting to boards;
 - arrangements for developing Integrated Medium-Term Plans (IMTPs) and monitoring and reporting on the delivery of these plans¹; and
 - approaches for mapping risks and assurances and developing a board assurance framework.²
- 3 This report details our local audit findings for the Trust. On finalisation of local audit reporting, we will complete all-Wales analyses on the three areas of comparative work, to share with NHS organisations and relevant all-Wales fora, such as directors of finance, directors of planning and board secretary groups. This approach is intended to support learning, by sharing approaches and good practice across NHS organisations. Publication of our comparative analysis of IMTP development and reporting will be co-ordinated with that of the Auditor General's national report on the National Health Services Finance (Wales) Act 2014, planned for early in 2017.
- 4 Our findings are based on interviews, committee observations, review of documents and performance data, information returns from board secretaries and directors of planning and the findings from a survey of board members. Some 119 board members responded to our survey, a response rate of 59 per cent. Thirteen of the 18 board members invited to take part at the Trust responded. We would like

¹ Where there is no approved IMTP, we have considered the annual plan.

² A board assurance framework sets out the risks to achieving corporate objectives, the internal controls for mitigating those risks and the assurances the board needs to know that controls are effective and risks are being managed.

to thank those board members who responded to our survey for their time and input. A comparative analysis of the board member survey findings is included in [Appendix 1](#).

Key findings

- 5 Our overall conclusion from 2016 structured assessment work is that the Trust continues to strengthen corporate governance arrangements and is making progress in addressing previous recommendations. Financial management arrangements are working well but board reporting on financial performance against the budget strategy and the IMTP milestones could be improved. The reasons for reaching this conclusion are summarised below.

Financial planning and management

- 6 In reviewing the Trust's financial planning and management arrangements we found that its arrangements for financial planning and management continue to work well but the content and format of financial reporting could improve.

Financial planning

- 7 Financial planning and budget setting are an integral part of the Trust's planning approach for the IMTP and are broadly sound. Budget setting is a shared responsibility between divisional directors and the finance team for allocating resources to deliver organisational priorities. To achieve financial balance in 2016-17, the budget strategy is underpinned by savings totalling £1.8 million to cover cost pressures, as well as creating an investment pot for service developments. The budget strategy is subject to scrutiny as part of the IMTP scrutiny process with investment proposals subject to a separate scrutiny process.
- 8 Divisional directors are responsible for identifying savings and managing risks to achievement with saving schemes risk assessed by the Finance team depending upon the level of uncertainty around achievability. However, not all savings schemes include detail on the nature of risks, which may make risk assessment more difficult.
- 9 Some savings rely on reducing or withdrawing funding to external organisations and such disinvestment may require negotiation. Savings of this nature therefore need to be appropriately risk assessed with potential difficulties acknowledged. For all high risk savings plans, alternative savings plans need to be considered prior to the beginning of the year.

Financial control and stewardship

- 10 Arrangements for financial control are satisfactory. The Trust has a clear framework of roles and responsibilities, with appropriate control activities and

processes in place. Budgetary control procedures have been assessed as low risk with no significant issues raised by Internal Audit. There are effective internal controls in place to support financial reporting but some processes and procedures could be improved.

Financial monitoring and reporting

- 11 Arrangements for operational monitoring and oversight are robust but the content and format of financial reporting could be improved. There are well established arrangements for scrutiny of financial performance by both the Finance team and executive management team at an operational level.
- 12 The Board receives timely financial information, which is consistent with the information reported each month to the Welsh Government. However, the format and content of the finance reports make it difficult to track changes or performance against the budget strategy as stated in the IMTP, in particular whether savings and (re)investments are on track.
- 13 In 2015-16, the Trust's budget strategy identified £1.12 million for reinvestment in health improvement programmes. Little information on progress was reported to the Board during the year so we examined how the Trust monitored and reported delivery of this reinvestment at an operational level. There were delays in finalising the reinvestment plan, which resulted in delays to recruiting staff to lead and develop new programmes of work. Consequently, the directorate budget was underspent at the end the year.

Financial performance

- 14 The Trust consistently achieves annual financial balance and is forecasting to break even in 2016-17. In 2015-16, as in previous years, the Trust made a small surplus after planned brokerage to the Welsh Government. At the end of October 2016, the Trust had delivered half of the £1.8 million savings identified in the budget strategy.

Governance and assurance

- 15 In reviewing the Trust's corporate governance and board assurance arrangements we found that these arrangements are maturing.

Strategic planning and reporting

- 16 The Trust's arrangements for strategic and operational planning work well, while arrangements for monitoring performance are satisfactory, board reporting on progress against IMTP milestones needs further development. The Trust's planning arrangements continue to support an integrated bottom-up approach with roles and responsibilities for developing and delivering the IMTP clearly stated and understood. The 2016 IMTP received ministerial approval and the Trust's timetable

to update the IMTP for next year is on track and should be submitted to the Welsh Government in the required timeframe.

- 17 Arrangements for performance monitoring and reporting on the key service, quality and resource indicators set out in the IMTP are largely unchanged from last year. Recommendations that we made about board reporting on key IMTP performance indicators and IMTP milestones have been partially addressed while the Trust works to refine its performance reports for the Board.

Board effectiveness and assurance

- 18 The Board has articulated its assurance requirements while changes to governance structures are improving scrutiny of strategic risks. In reaching this conclusion we found:
- the board assurance framework is now in place, while work to roll out the risk management framework is ongoing; and
 - changes to committee structures are improving scrutiny of strategic risks with plans in place to further improve board and committee effectiveness.
- 19 Recent appointments to governance and risk management roles provided the much needed impetus to complete the board assurance framework and to review governance structures, board and committee effectiveness and development needs. The Trust is also working to minimise risks to board continuity with impending succession requirements amongst non-executive directors.
- 20 Board members are broadly satisfied with arrangements for board assurance. The board assurance framework is a 'living' document supporting timely scrutiny of strategic risks and mitigating actions by the Board and its committees. However, the strategic risks recorded in the board assurance framework are linked to strategic priorities by reference number only making it difficult to judge the quality of the controls and assurances.

Progress in addressing issues and recommendations from previous structured assessments

- 21 The Trust is making good progress to improve governance arrangements for quality with the quality and impact framework recently approved by the Board. Work is underway to ensure that service user or community stories become a regular feature of board meetings with the first annual report on service user experience expected in early 2017. Meanwhile, processes for learning from complaints and incidents continue to improve with evidence that learning is becoming embedded.
- 22 Arrangements to track progress in addressing recommendations are satisfactory with the Audit and Corporate Governance Committee using the tracking log to challenge the robustness of management responses and the pace of progress.

However, there is one outstanding recommendation from 2014, which the Trust has yet to address.

Recommendations

- 23 Recommendations arising from 2016 structured assessment work are detailed in [Exhibit 1](#). The Trust will also need to maintain focus on implementing previous recommendations not yet complete. The previous recommendations are set out in [Exhibits 2, 3 and 4](#).
- 24 The Trust’s management response detailing how it intends responding to these recommendations will be included in [Appendix 2](#) once completed and considered by the Audit and Corporate Governance Committee.

Exhibit 1: 2016 recommendations

The following table sets out the 2016 structured assessment recommendations.

2016 recommendations	
Financial planning	
R1	Where savings rely on reducing or withdrawing funding to external organisations, the Trust should discuss their plans with these organisations before finalising directorate budgets.
Financial planning	
R2	The Trust should ensure that the nature of risks associated with individual savings schemes are recorded for every scheme.
Financial planning	
R3	The Trust needs to ensure (re)investment plans include sufficient detail on costs and timescales as early as possible in the budget setting process.
Financial reporting	
R4	The Trust should review the format and content of board finance reports to: <ul style="list-style-type: none"> • ensure information enables board members to track performance against the board strategy, including savings and investments; • provide assurance that the quality, safety and delivery of services and programmes of work are not affected by financial performance; and • provide better links to the performance delivery framework in the IMTP.
Board assurance framework	
R5	The Trust should consider how to make more explicit the linkage, other than a reference number, between strategic priorities and the strategic risks recorded in the board assurance framework, for example, by appending a list of the priorities.

2016 recommendations

Quality governance

- R6 The Trust should agree which management group will maintain oversight of the recommended actions arising from the 'Review of Lessons Learnt from Incidents, Concerns and Claims' until all actions are addressed and changes have been sustained.

Detailed report

The Trust's arrangements for financial planning and management continue to work well but the content and format of financial reporting could be improved

- 25 Our structured assessment work in 2016 has considered the action that the Trust is taking to achieve financial balance and create longer-term financial sustainability. We assessed the financial position of the organisation, the approach to financial planning, financial controls and stewardship and those for identifying and monitoring savings and (re)investments. Our findings are set out below.

Financial planning and budget setting are an integral part of the Trust's approach for the IMTP and are broadly sound

- 26 The financial planning process remains an integral part of the planning cycle for the integrated medium-term plan (IMTP). Roles and responsibilities in the financial planning process are clearly understood. Budget setting is a shared responsibility between divisional directors and the finance team with finance business partners providing key links between the corporate finance team and division. Staff indicated that this model ensures a balance between available finance and performance expectations.
- 27 Integrated planning guidance sets out the key elements to be considered when developing local financial plans to support IMTP priorities. The Finance team co-ordinate the overall budget setting process, as well as providing constructive challenge to financial assumptions.
- 28 Discussions are now more focused on how key aspects of the IMTP – finance, workforce and activity – are better integrated and align with the Trust's strategic priorities and objectives. Staff told us that it is becoming increasingly difficult to identify savings but that the integrated planning process is helping to frame budget discussions around making cost improvements.
- 29 Draft financial plans are subject to scrutiny by the executive management team as part of the integrated planning process for the IMTP with a separate scrutiny process in place to agree (re)investment proposals. Proposals for (re)investment are based on the five case model recommended by HM Treasury. This approach, introduced last year, encourages staff to consider the implications of the different options for (re)investment rather than simply asking for a budget increase. All proposals are scored at a minimum by the Chief Executive and Deputy Chief Executive and Director of Operations and Finance against a set of criteria.
- 30 The budget for the next financial year is based on the month 6 expenditure in the current year, adjusted for cost pressures and savings targets. To achieve financial balance in 2016-17, the budget is underpinned by saving schemes totalling £1.8 million (1.57% of the Trust's core budget). Saving schemes are a combination of

pay and non-pay savings to cover cost pressures and to create an investment pot to fund service developments. Once approved (re)investment funding is integrated into budget structures and ledgers for the relevant directorates with successful proposals underpinned by implementation plans. The Board approved the Trust's 2016-17 budget strategy as part of the IMTP approval process.

- 31 Budget holders are responsible for identifying savings and associated delivery plans. Savings schemes (45 schemes included within the 2016-17 budget) are risk assessed by the Finance team in respect of uncertainty around achievability and service impact based on the information provided by budget holders on the nature of the risk. We reviewed the list of savings schemes and found that all schemes had been risk assessed but information on the nature of the risks associated with 13 individual schemes was not recorded. This makes it difficult for the Finance team to assess the level of risk associated with each scheme.
- 32 Some savings schemes rely on reducing or withdrawing funding to external organisations, and such disinvestment may require negotiation. Savings of this nature need, therefore, to be appropriately risk assessed with potential difficulties acknowledged. We found that the budget for one directorate had been finalised before the Trust had notified an external organisation of its plans to withdraw funding. The level of planned savings in this case was small (£30,000) compared with the overall savings target for the Trust but accounted for a fifth of the directorate's savings target. Adverse publicity of withdrawing funding was clearly identified as a risk although the scheme was assessed as low risk in terms of achievability. It ultimately transpired that the directorate was unable to withdraw funding and the shortfall in savings is expected to be offset by underspends on the budget.

Arrangements for financial control are satisfactory

- 33 The Trust has a clear framework of roles and responsibilities, with appropriate control activities and processes in place. Budgetary control procedures have been assessed as low risk by Internal Audit.
- 34 Our audit work on the financial statements concluded that the Trust had effective internal controls in place to support financial reporting. However, our Audit of the Financial Statements report included a number of recommendations to support improvements in relation to the stewardship of assets, secondment arrangements and the preparation of the remuneration report.

Arrangements for operational monitoring and oversight are robust but the content and format of financial reporting could be improved

- 35 There are well established arrangements for scrutiny of financial performance with the finance team closely monitoring budgets and tracking savings and (re)investments on a month-by-month basis. Monthly meetings between the finance team and division and directorate managers provide opportunities for

scrutiny of the financial position relative to budgets, changes to budget movements, risks and any mitigating actions to ensure budgets remain on track.

- 36 The executive management team scrutinise the overall financial position on a quarterly basis, including detailed information on the performance of individual savings schemes and (re)investment plans. The directorate mid and year-end performance reviews by the executive management team provide additional scrutiny of financial performance to ensure corrective action is taken for under and overspends against budget.
- 37 The Board scrutinises financial performance and, as part of this year's audit work, we looked at the content of the finance reports presented to the Board. The Board receives timely financial information, which is consistent with the figures and budget variances reported each month to the Welsh Government. However, the format and content of the finance reports make it difficult to track performance against the budget strategy set out in the IMTP, in particular:
- the report is largely narrative making it difficult to pick out key messages at a glance.
 - there is no information on whether planned savings and (re)investments are on track to achieve what was intended as these two components are consolidated within the budget line.
 - there is no information or narrative to provide assurance that underspends do not affect the quality, safety or delivery of services or planned programmes of work, especially when much of the underspend relates to vacant posts. The finance report at month 7 shows that the pay budget was underspent by £0.8 million. Better links between finance and performance reports might provide the necessary assurances about the impact of finance on performance and vice versa.
 - it is difficult to see movement in the budget for the capital plan, both strategic and discretionary. There is little narrative on progress of the capital schemes with the exception of a separate paper on genomic sequencing, which was presented to the recent board meeting.
 - risks to achieving year-end breakeven are not summarised and quantified regularly with little or no information on corrective actions.
- 38 In 2015-16, the Trust's budget strategy identified funding totalling £1.12 million for reinvestment in health improvement programmes related to early years, mental wellbeing, obesity and smoking prevention. Little information on progress of the reinvestment was reported to the Board so we examined how the Trust monitored and reported delivery at an operational level. We found that:
- the process for reinvesting the funding was outside the Trust's established procedure for (re)investment proposals, that is the budget holders did not bid for investment nor submit a business case. The Transforming Health Improvement in Wales review had identified a number of programmes or services that should be stopped because of insufficient evidence of impact

and effectiveness. The Board agreed that this funding would be reinvested in new health improvement programmes.

- the reinvestment plan was finalised only at month 4, at which time the Finance team had to rebalance the directorate's budget. Although the objectives and outcomes for the reinvestment funding were known, the detailed costs had not been determined.
- information provided by the directorate shows that reinvestment funding was used to recruit staff to develop and lead new programmes of work. The reinvestment fund was also subject to a savings target.
- delays in finalising the reinvestment plan with the detailed cost information resulted in delays to recruiting staff. Consequently, the directorate budget was underspent at the end of March 2016, which is consistent with finance reports to the Board.

39 The Trust is confident that delays in finalising reinvestment plans are less likely to happen in future. The Finance team plans to formalise (re)investment information provided by directorates to make it easier to monitor and to report on progress and to take appropriate action to rebalance budgets on a project-by-project basis. For new service developments where investment has been provided by Welsh Government, such as the primary care hub and genomics sequencing, separate implementation plans are in place.

The Trust consistently achieves annual financial balance and is forecasting to break even in 2016-17

- 40 The Trust has a strong track record of achieving financial balance. The Trust consistently delivers small surpluses annually, as well as being in a position to regularly broker back monies to the Welsh Government. In 2015-16, the Trust's surplus totalled £17,000 after planned brokerage of £300,000. The Trust forecasts to break even for the year ended 31 March 2017. The annual financial duty has been revoked and the statutory breakeven duty becomes a three-year duty with the first assessment of this duty in 2016-17.
- 41 The Trust consistently achieves savings and in 2015-16 achieved savings of £2.5 million. At the end of October 2016, the Trust's financial returns to the Welsh Government showed that it had delivered 50% of the £1.8 million savings identified in the budget strategy in line with the Trust's plan.

Arrangements to support good corporate governance are largely sound and are continuing to mature

- 43 Our structured assessment work in 2016 has examined the Trust's arrangements for developing an IMTP and reporting on delivery of the plan, and the approach for developing and reviewing a board assurance framework. We have also considered the overall effectiveness of the board and its governance structures and the progress made in addressing previous structured assessment recommendations and improvement issues. Our findings are set out below.

Arrangements for strategic and operational planning work well, and while those for monitoring performance are satisfactory, board reporting on progress against IMTP milestones needs further development

- 44 The findings underpinning this conclusion are based on our review of the Trust's approach to strategic planning³, monitoring and reporting on delivery of the IMTP and progress made in addressing previous recommendations related to strategic reporting. Our key findings are set out below.
- 45 Last year, we reported that the Trust was strengthening arrangements to support a more integrated and bottom-up approach to planning and that it was on track to refresh the IMTP on time. The Trust's 2016 IMTP was developed in the required timeframe receiving board scrutiny and approval prior to submission to the Welsh Government. The IMTP received approval from the Cabinet Secretary for the second year running, subject to a small number of conditions, which the Trust met.
- 46 The Trust continues to make good use of the NHS planning framework and a review by the Internal Audit service provided substantial assurance that the Trust's process for developing the IMTP works well. Nearly all (12 out of 13) board members responding to our survey agreed or strongly agreed that the organisation had improved its approach to planning as a result of the NHS planning framework.
- 47 In 2015, the Trust expanded capacity and capability across a number of corporate functions, and earlier this year, the corporate planning function was strengthened by the appointment of additional staff. The Trust also indicated that it is strengthening business management functions at a directorate level with continued planning support from finance and workforce business partners.
- 48 The Trust's planning arrangements continue to support an integrated bottom-up approach to the development of the IMTP. Planning guidance was refreshed in 2016-17 with roles and responsibilities from floor to board clearly stated. An executive lead is responsible for leading and developing a plan for each strategic priority, ensuring relevant contributions from all parts of the organisation.

³ Audit work has not duplicated Welsh Government's IMTP scrutiny work, but has considered actions taken by NHS bodies in response to any Welsh Government feedback on the plan or plan approval conditions.

Directorates develop the detailed action plans to deliver relevant strategic priorities and objectives using templates to ensure consistency between plans.

- 49 The guidance includes the key elements or requirements that plans must address. It also sets out the expectation that executive director leads for individual priorities will engage with internal and external partners/stakeholders when developing plans. Our board member survey found that:
- Nearly all (11 out of 13) board members agree or strongly agree that the organisation is engaging effectively with staff on the major strategic changes outlined in the IMTP. Staff that we have met as part of our audit work were positive about the Trust's staff event, Mission Possible.
 - Most (10 out of 13) board members agree or strongly agree that the organisation is engaging effectively with clinical staff on the major strategic changes outlined in the IMTP.
 - Most (9 out of 13) board members agree or strongly agree that the organisation is engaging effectively with statutory and third sector partners on the major strategic changes outlined in the IMTP.
- 50 At the time of our audit work, the Trust's timetable for refreshing the IMTP was on track and should be presented to the Board for approval in January 2017.
- 51 Responsibility for delivery of the IMTP rests with divisional directors and other senior managers with these senior managers accountable to the executive management team. All board members responding to our survey agreed or strongly agreed that roles and responsibilities for the delivery of key objectives and actions within the IMTP are clear.
- 52 Arrangements for performance monitoring and reporting on the key service, quality and resource indicators set out in the IMTP and annual operational plan⁴ are largely unchanged from last year. The Trust acknowledges in the IMTP that work is needed to further develop performance management and reporting arrangements, including refining the monthly reports for the Board.
- 53 Last year, we reported that the Trust needed to consider how it should summarise overall progress towards achieving IMTP milestones. The 2016 IMTP set out the key achievements against the strategic priorities during 2015 but it is difficult to link the achievements to the specific milestones and actions underpinning individual strategic objectives. In 2015, we made two recommendations related to reporting against the IMTP and annual operational plan, which the Trust has partially addressed. [Exhibit 2](#) describes the progress made with these two recommendations.

⁴ The Operational Plan sets out the specific actions to deliver each priority and strategic objectives of the IMTP during 2016-17.

Exhibit 2: Progress on 2015 recommendations related to strategic reporting

2015 recommendation	Description of progress
<p>2015 R1</p> <p>The 2015-16 operational plan did not identify clearly the actions carried forward from 2014-15. The Trust should consider summarising overall progress against the actions set out in the annual operational plan at the end of the year and clearly stated those actions carried forward and the arrangements for ongoing monitoring and reporting.</p>	<p>The recommendation is partially addressed.</p> <p>The performance report presented to the Board in April 2016 set out the number of actions completed at the end of March and the number to be carried forward. The performance report does not indicate which actions were carried forward. However, the actions carried forward are clearly set out in directorates' year-end performance reports, with directorates responsible for delivering and monitoring the actions.</p> <p>The Trust's IMTP delivery framework states progress against the Operational Plan will be reported quarterly using a red, amber, green (RAG) rating accompanied by exception reports. Progress against the operational plan has not been reported to the Board during 2016.</p> <p>The monthly performance reports presented to the Board do, however, clearly set out proposed changes to actions detailed in the 2016 Operational Plan, the reasons for the proposed changes and whether changes have been approved.</p> <p>The NHS Planning Guidance for 2017-2020 sets the expectation that boards should receive an overall assessment of progress against the IMTP in public session at least bi-annually.</p>

2015 recommendation	Description of progress
<p>2015 R2</p> <p>Not all indicators set out in the integrated medium-term plan (IMTP) delivery framework are reported to the Board. As part of the process to refresh performance reporting and management arrangements, the Trust reviewed existing performance indicators and revised proposals were developed for those indicators that should be included in future monthly performance reports. The Trust should:</p> <ul style="list-style-type: none"> • refresh the delivery framework included in the IMTP for 2016-17 to reflect these changes, as well as setting out the indicators that will be reported to Board; and • consider how it will eventually summarise and report on overall progress towards achieving the milestones set out in the IMTP. 	<p>The recommendation is partially addressed; there is ongoing work to refine the performance report:</p> <ul style="list-style-type: none"> • as in 2015, the IMTP includes a detailed delivery framework setting out key service, quality and resource indicators. Performance reports include a full performance dashboard but again not all indicators are listed nor the reason for omission. • the 2016 IMTP sets out achievements against strategic priorities but it is difficult to link these to specific milestones and actions underpinning specific strategic objectives. As part of its ongoing work to refine performance reporting and reporting against delivery of the IMTP, the Trust needs to consider how to help the reader track achievements to milestones and actions.

- 54 At the end of the recent board meeting, observations were made about the volume of information presented to the Board. Board members acknowledged that detailed discussions about the information needed for scrutiny and assurance had not been held for some time. Our board member survey found that:
- more than half (8 out of 13) of the board members agreed or strongly agreed that the board and relevant committees set enough time aside for effective scrutiny of the IMTP. Two board members disagreed.
 - most board members (11 out of 13) agreed or strongly agreed that the Board receives appropriate information to support effective scrutiny of IMTP progress.

The Board has articulated its assurance requirements while changes to governance structures are improving scrutiny of strategic risks

- 55 The findings underpinning this conclusion are based on our review of the Trust's approach to mapping assurances and developing its board assurance framework, the effectiveness of the board and its governance structures. Our key findings are set out below.

The board assurance framework is now in place, while work to roll out the risk management framework is ongoing

- 56 In 2015, we reported that the Trust was transforming its risk management arrangements but it would be sometime before these arrangements were embedded and reflected in a more dynamic board assurance framework. The Trust completed its work to build the board assurance framework and it is now fully populated with the strategic risks identified by board members. The board assurance framework was approved by the Board after board members sought assurances that the controls were robust and sources of assurance comprehensive. Board members are confident that the format is easy to comprehend. There are effective arrangements in place for updating the board assurance framework to support effective and timely scrutiny. The Board has yet to articulate its risk appetite but plans are in place to start discussions as part of the board development sessions.
- 57 Our board member survey found that board members are broadly satisfied with the arrangements for board assurance, in particular:
- most board members (10 out of 13) agreed or strongly agreed that the organisation had made a concerted effort to ensure openness and honesty of all those involved in providing assurance to Board and its Committees;
 - all agreed or strongly agreed that they are engaged in the development and ongoing review of the board assurance framework;
 - most (11 out of 13) agreed or strongly agreed that the board assurance framework is an enabler that helps them to achieve corporate objectives; and
 - over half (8 out of 13) agreed that the organisation effectively identifies the assurance it requires to ensure achievement of strategic objectives.
- 58 We examined the Trust's approach for developing and reviewing its board assurance framework against the principles identified in HM Treasury guidance⁵ and how this compared to the approach adopted by other NHS bodies in Wales. The Trust compares well with those organisations that have mapped board assurances, in particular:
- there is a reasonably good explanation of the threat to achieving the objective, the required controls and a range of assurances identified;
 - gaps in assurance are identified although some appear operationally focused;
 - actions are identified with progress against actions noted;
 - responsibility for managing risks and oversight of assurances are clearly set out with board committees clearly assigned; and

⁵ HM Treasury, [Assurance frameworks, 2012](#)

- there is a clear demarcation between the board assurance framework and the corporate risk register.

- 59 The strategic risks recorded in the board assurance framework are linked to priorities by reference number only making it difficult for the reader to judge whether actions, controls and assurances are appropriate to the risks. The Trust should consider how to make more explicit the linkage, other than a reference number, between strategic priorities and the strategic risks.
- 60 Our comparative analysis also considered accessibility and clarity of the objectives set out in organisations' IMTPs as the basis for developing an assurance framework. Across Wales, there is significant variation in the way organisations present objectives, with objectives often described in ways that make it difficult to determine assurances needed to mitigate risks to their achievement. The Trust priorities set the context and frame the IMTP. It is positive to note that the Trust is considering how its strategic objectives align to the requirements of the Well-being of Future Generations (Wales) Act 2015. The strategic objectives underpinning the priorities are relatively clear and outcome focussed, which should help in identifying strategic risks to objectives and developing assurances that are focussed on outputs and impact.
- 61 Work to embed the risk management framework at an operational level is ongoing. Training to support implementation was put on hold until early 2017 so that the new chief risk officer could revise the training programme following staff feedback. The Trust is confident that by the end of March 2017, robust directorate risk registers will be in place and updated on a monthly basis like the board assurance framework and corporate risk register. At that time, the Trust will reassess organisational maturity in relation to risk management and annually thereafter.

Changes to committee structures are improving scrutiny of strategic risks with plans in place to further improve board and committee effectiveness

- 62 Last year, we reported that there were ongoing delays to appointing a non-executive director for local government and that impending succession requirements risked adding pressure to the time given by existing non-executive directors and limiting time available for scrutiny and assurance. Changes to statutory instruments in 2016 mean that the long-standing vacancy for a non-executive director with local government experience has now been filled. There are ongoing succession requirements and the Trust continues to work with the Public Appointments Unit to put in place a recruitment timetable to provide stability during the transition.

- 63 The Trust acknowledges the increasing time commitment provided by non-executive directors to meet the basic statutory requirements of the Board. The Trust is working to ensure that non-executive directors engage in work that adds value while ensuring good organisational governance. Our board member survey found:
- few board members (4 out of 13) agreed or strongly agreed that there are sufficient numbers of board members with the skills needed for scrutiny; and
 - fewer than half (6 out of 13) agreed or strongly agreed that the programme of development supports skills and confidence in effectively handling assurances and scrutinising delivery against objectives.
- 64 The Board remains committed to developing its effectiveness, although it is interesting to note that few board members (3 out of 13) responding to our survey agree that the organisation has an effective approach for assessing the effectiveness of the Board and its committees. Recent appointments to governance and risk management roles provided the much needed impetus to revise committee structures to support the board assurance process. In addition, the board and committee annual work plans have been reviewed and a programme of committee self-assessments is underway, starting with the Audit and Corporate Governance Committee.
- 65 The Trust does not have a formal induction programme and little is offered nationally to support induction of new board members. Instead, the Trust tailors induction on an individual basis. In the meantime, a more formal programme of board development sessions is planned to ensure all board members have sufficient knowledge of emerging themes and challenges. This will become increasingly important as new non-executive members join the organisation.
- 66 All board members responding to our survey agreed or strongly agreed that the organisation effectively reviews its governance structures and adapts them to focus on the areas that matter most to success. Furthermore, the Trust has been proactive in assessing wider organisational effectiveness and learning by commissioning a number of external peer reviews this year.
- 67 The new arrangements, approved by the Board in June, ensure that committee responsibilities for oversight and scrutiny are aligned to the IMTP strategic priorities and risks to delivery. The main changes are:
- the dissolution of the Information Governance Committee with its remit passed to the Quality, Safety and Improvement Committee;
 - the establishment of the People and Organisational Development Committee to ensure there is appropriate focus on the workforce, as well as organisational development; this committee supersedes the Developing the Organisation Committee; and
 - new names for the Audit and Quality and Safety Committees in recognition of their respective roles in governance role and monitoring improvement and population outcomes; the new names are the Audit and Corporate

Governance Committee and the Quality, Safety and Improvement Committee.

- 68 Standard terms of reference and operating arrangements set out the provisions common to all committees and should be read alongside those for individual committees. Arrangements for 'handing over' ongoing committee or sub-committee business are in place and taking effect.
- 69 Staff side representatives have regularly attended and contributed to board meetings since 2014. The Trust is now working with staff side representatives to facilitate their attendance at all committee meetings, except the Remuneration and Terms of Service Committee.
- 70 The board is transparent in its business and public reporting, and met its annual reporting requirements. The Trust has consistently published committee papers on its website since 2012, albeit after meetings take place. It is working to ensure committee papers are available in advance reflecting moves to open up committee meetings to the public. As part of this year's audit work, we assessed the extent to which NHS bodies comply with publishing prescribed information on their websites.⁶ The required and recommended documents, with the exception of a citizen engagement plan (or similar), are available and accessible. Not all the documents are up to date but the Trust is taking action to revise them. The Standing Orders, last updated in 2014, are being revised to reflect the changes to the committee arrangements while revisions to the Scheme of Reservation and Delegation of Powers are ongoing.

The Trust is making good progress to strengthen governance arrangements for quality and arrangements for tracking progress in addressing recommendations are satisfactory

- 71 Our 2016 structured assessment work looked at progress made by the Trust to strengthen governance arrangements for quality and to address recommendations that we made last year.

The quality and impact framework is in place and implementation underway

- 72 In 2015, we reported that the development of a quality assurance framework and quality improvement process had been slower than anticipated. Quality assurance and quality improvement remain an integral part of the Trust's IMTP. The quality lead took up post in early 2016 providing the capacity needed to accelerate the development of the quality framework.
- 73 The Quality and Impact Framework (QIF) was recently approved by the Board following collaborative working and consultation with staff. The QIF sets out the Trust's ambition to become a quality and impact focused organisation that strives to make continuous improvements. The six goals set out in the QIF make explicit

⁶ Welsh Health Circular (2016) 033

the meaning of quality and impact, actions to be taken and expected outcomes and how these outcomes will be assessed.

- 74 The quality management group, accountable to the executive management team, will oversee implementation of the QIF. At the time of our audit work, the detailed implementation plan for the QIF was still to be agreed with work to develop specific quality and impact indicators seen as a priority.
- 75 Good practice guidance underpinning the QIF is also in development with plans to establish a virtual quality hub well advanced. The quality hub is a virtual forum where staff from across the organisation can come together to learn and share quality improvement approaches, or those for evaluating quality and impact.
- 76 The Trust produced its first annual clinical audit plan last year⁷ and at the time of our audit work, it was assessing the extent of progress. The system for monitoring progress is currently resource intensive relying on contacting directorates to find out which audits have been completed and progress on the rest. The quality management group is currently responsible for monitoring progress in delivering the plan but the group's terms of reference suggest that they review the plan once a year. Plans to strengthen oversight by the group, as well as the arrangements to share learning, are being put in place. The Quality, Safety and Improvement Committee is scheduled to receive a report on progress before the end of March 2017 along with the plan for the following year. At the time of our audit work, development of the 2017-18 quality and clinical audit plan was well advanced.

Work continues to ensure stories become a regular feature of board meetings, while the first annual service user experience report will soon be published

- 77 Last year, we reported that the Trust's arrangements for engaging service users and seeking feedback continued to evolve. The Trust's plans to establish a pan-Wales service user forum were abandoned following feedback from third sector organisations and service users, who recommended using existing groups and linking with the Wales Council for Voluntary Action.
- 78 The Trust is committed to engaging with service users and the public. In early 2016, it commissioned a baseline assessment of its arrangements for service user and public engagement. At the time of our audit work, the Trust had received the draft report but had not yet had an opportunity to discuss the findings with the report authors and to agree how it will respond. In the meantime, our board member survey found that few board members (3 out of 13) agree that the organisation is engaging effectively with service users on the major strategic changes outlined in the IMTP.
- 79 Work to identify the most effective way to bring stories to the Board is ongoing to ensure stories reflect the diversity of the Trust's work with service users, local communities and whole populations. Stories form part of the board business plan

⁷ In future the plan will be known as the Quality and Clinical Audit Plan.

for the coming year, and continue to be a regular feature of the Quality, Safety and Improvement Committee meetings.

- 80 At the recent board meeting, users of a third sector organisation presented stories about the impact of sight loss on their health and wellbeing. The issues raised by the third sector organisation and its users stimulated debate about the role the Trust could play in supporting prevention programmes and influencing policies both locally and nationally. Board members found the stories helpful but acknowledged more time was needed to explore the issues raised in order to demonstrate how the Trust and its services would address the issues.
- 81 The Trust anticipates publishing its first annual report on service user experience in early 2017, along with a summary leaflet for the public. Thereafter the report will be published in May. The report will present findings from the three core questions drawn from the national service user experience survey, in addition to complaints, complements and lessons learned. The report and leaflet took longer than anticipated because currently there is no system to capture the information electronically in a consistent way. Instead, information was extracted from divisional and directorate reports.

The Trust continues to improve its processes for learning from complaints and incidents

- 82 In 2015, we reported that the Trust's arrangements for learning from complaints and incidents continued to improve. At that time, the Trust acknowledged that it was sometimes difficult to demonstrate that learning was embedded and the learning loop closed. The Trust's planned retrospective audit of lessons learned from concerns and claims was completed earlier this year with the findings presented to the Quality, Safety and Improvement Committee during the summer.
- 83 The audit found that learning lessons does take place with action taken to implement learning. The audit identified a small number of recommendations to improve the robustness of the process for learning from events. There is evidence that the actions arising from the audit are being addressed. Findings were shared with the Service User Experience and Learning Panel where lessons learned are collated and shared on a quarterly basis. At the time of our audit work, the Trust had yet to decide which management group would maintain oversight of progress against the audit actions.
- 84 The annual review by the Welsh Risk Pool shows continued improvement in the management of concerns and claims and subsequent learning and the Trust scored well compared with last year (82% and 77% respectively). The Welsh Risk Pool noted that the score reflected that learning was not yet fully embedded across the organisation but that the quality of work and evidence in relation to learning appeared more robust.
- 85 **Exhibit 3** describes the progress made to address recommendations related to the governance of quality that we made last year.

Exhibit 3: Progress on all other 2015 recommendations

2015 recommendation	Description of progress
<p>2015 R3</p> <p>The Trust recognises that it is sometimes difficult to evidence that learning from complaints and incidents is embedded and the learning loop closed given reliance on other organisations to embed remedial actions. The Trust should:</p> <ul style="list-style-type: none"> • consider incorporating the requirement to report on progress against remedial actions arising from complaints and incidents as part of agreeing service level agreements with its service providers; and • conclude its retrospective audit on learning from complaints and incidents. 	<p>Action to address this recommendation is on track.</p> <ul style="list-style-type: none"> • The Trust is working to ensure that the procedures for investigating concerns and lessons learned are set out in specific service level agreements. There is evidence of joint working between the Trust and health boards to develop improvement plans following investigations of complaints and incidents. • This action is complete; see paragraphs 82 and 83.
<p>2015 R4</p> <p>The Trust should ensure that clinical audit plays a full role in providing board assurance with proper scrutiny of the clinical audit plan and its delivery.</p>	<p>Action to address this recommendation is on track.</p> <p>The Trust is currently mapping progress against the 2015 clinical audit plan with a report to the Quality, Safety and Improvement Committee planned before the end of March 2017. Work is underway to strengthen arrangements for monitoring progress and sharing lessons from the audits.</p>

- 86 In addition to reviewing the actions taken to address our 2015 structured assessment recommendations, we also considered the effectiveness of the Trust's arrangements to manage and respond to our audit recommendations. A tracking log identifies the status of recommendations (i.e. the number that are complete, ongoing or overdue), the action to be implemented and any updates. The Audit and Corporate Governance Committee considers the tracking log at every meeting, using it to challenge the robustness of management responses and the pace of progress.
- 87 However, the Trust has yet to address our recommendations related to ensuring the information security policy is fit for purpose (Exhibit 4). In light of recent cyber security incidents at NHS organisations in England, the Trust should ensure that information security policies and procedures are up to date and effective.

Exhibit 4: Progress on 2014 recommendation

2014 recommendation	Description of progress
<p>2014 R3</p> <p>The anticipated development of an all-Wales IT security policy has not happened and the Trust's policy is five years old. The Trust should assess whether this policy is still fit for purpose and, if not, either update and revise it or develop a new information security policy immediately.</p>	<p>No progress has been made.</p> <p>At the time of our audit work, the Trust had yet to address this recommendation. In light of recent cyber security incidents NHS bodies in England, the Trust should ensure that its policies and procedures are up to date and are effective to prevent such an occurrence to the Trust's systems.</p>

Appendix 1

Findings from the board member survey

We invited 209 board members across the seven health boards and three NHS Trusts to take part in a survey, which sought the extent of agreement with a number of statements about arrangements for the design and development of the board assurance framework and arrangements for oversight and scrutiny of integrated medium-term planning. A total of 119 board members across Wales responded (57% response rate). At Public Health Wales, 13 of the 18⁸ board members invited to take part responded (72%). Comparative analysis between the Trust and all respondents is set out in the tables below.

Section 1 – Arrangements in place to design and develop a Board Assurance Framework

Table 1.1: The table shows the extent to which Board members agreed with the statement 'The organisation has clearly articulated what success against the organisations objectives will look like'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	2	11	–	–	–	–	13
NHS board members (%)	25	67	5	3	1	–	118

⁸ At Public Health Wales, we invited the following individuals to take part in our survey: all non-executive directors, executive directors, directors who are members of the executive team and have a standing invitation to attend board meetings, the Board Secretary and the outgoing interim Director of People and Organisational Development.

Table 1.2: The table shows the extent to which Board members agreed with the statement 'My organisation's corporate objectives are described in a meaningful way that allows the Board and its committees to track progress over time'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	2	11	–	–	–	–	13
NHS board members (%)	28	62	8	1	1	–	119

Table 1.3: The table shows the extent to which Board members agreed with the statement 'My organisation effectively identifies the assurance it requires to ensure achievement of strategic objectives'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	–	8	4	1	–	–	13
NHS board members (%)	–	64	17	4	15	–	119

Table 1.4: The table shows the extent to which Board members agreed with the statement 'My organisation effectively reviews its governance structures and adapts them to focus on the areas that matter most to organisational success'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	3	9	1	–	–	–	13
NHS board members (%)	47	45	5	3	–	–	119

Table 1.5: The table shows the extent to which Board members agreed with the statement at 'I am clear on the range of actions that committees or sub-committees can take to manage or escalate issues'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	4	5	4	–	–	–	13
NHS board members (%)	45	44	8	2	1	–	119

Table 1.6: The table shows the extent to which Board members agreed with the statement 'the organisation engages its board members in the development and ongoing review of the board assurance framework'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	3	10	–	–	–	–	13
NHS board members (%)	54	42	3	2	–	–	119

Table 1.7: The table shows the extent to which Board members agreed with the statement 'the programme of board development supports board member skills and confidence in effectively handling assurance and scrutinising delivery against objectives'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	1	5	5	2	–	–	13
NHS board members (%)	23	53	19	5	1	–	119

Table 1.8: The table shows the extent to which Board members agreed with the statement 'there is a sufficient number of board members with the skills to effectively scrutinise whether risks are being managed'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	1	3	5	2	1	1	13
NHS board members (%)	29	46	11	10	3	2	119

Table 1.9: The table shows the extent to which Board members agreed with the statement 'the organisation has made a concerted effort to ensure openness and honesty of all those involved in providing assurance to the Board and its committees'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	6	4	2	–	–	1	13
NHS board members (%)	62	33	4	–	–	1	118

Table 1.10: The table shows the extent to which Board members agreed with the statement ‘the organisation has an effective approach for assessing the effectiveness of the Board and its committees’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	–	3	6	3	–	–	13
NHS board members (%)	23	51	19	6	–	1	119

Table 1.11: The table shows the extent to which Board members agreed with the statement ‘the organisation applies lessons learned from self-assessments and external or peer reviews to improve the board assurance framework’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	4	4	3	2	–	–	13
NHS board members (%)	33	51	10	5	–	1	118

Table 1.12: The table shows the extent to which Board members agreed with the statement ‘over the last 12 months, the organisation has taken timely and appropriate action in response to external review and inspection findings’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	3	6	3	–	–	–	13
NHS board members (%)	41	48	8	1	–	3	118

Table 1.13: The table shows the extent to which Board members agreed with the statement ‘the board assurance framework is an enabler that helps us to achieve our corporate objectives’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	2	9	2	–	–	–	13
NHS board members (%)	27	57	12	3	1	–	118

Section 2 – Arrangements for overseeing, scrutinising and supporting delivery of strategic integrated planning and change

Table 2.1: The table shows the extent to which Board members agreed with the statement ‘in respect of the NHS Finances (Wales) Act 2014, I understand the intended benefits of moving to three-year integrated medium-term plans (the NHS Planning Framework)’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	9	3	1	–	–	–	13
NHS board members (%)	49	43	5	3	1	–	117

Table 2.2: The table shows the extent to which Board members agreed with the statement 'my organisation has improved its approach to planning as a result of the NHS Planning Framework'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	5	7	–	–	–	1	13
NHS board members (%)	27	53	16	3	–	2	119

Table 2.3: The table shows the extent to which Board members agreed with the statement 'my organisation has already improved service delivery as a result of the NHS Planning Framework'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	3	5	4	–	–	1	13
NHS board members (%)	18	50	25	5	–	2	119

Table 2.4: The table shows the extent to which Board members agreed with the statement 'my organisation is likely to improve service delivery in the future as a result of the integrated planning regime'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	4	8	1	–	–	–	13
NHS board members (%)	27	59	14	–	–	1	118

Table 2.5: The table shows the extent to which Board members agreed with the statement 'short-term issues (in year) account for more of the Board's business than medium and long-term strategy and plans'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	–	5	6	2	–	–	13
NHS board members (%)	14	42	28	16	–	1	118

Table 2.6: The table shows the extent to which Board members agreed with the statement 'the organisation has quantified the benefits that it expects the current integrated medium-term plan to deliver'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	1	7	3	1	–	1	13
NHS board members (%)	10	59	20	9	–	2	119

Table 2.7: The table shows the extent to which Board members agreed with the statement 'there are clear roles, responsibilities for the delivery of key objectives and actions within the integrated medium-term plans'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	5	8	–	–	–	–	13
NHS board members (%)	29	57	11	2	–	1	119

Table 2.8: The table shows the extent to which Board members agreed with the statement 'the Board and relevant committees set enough time aside for effective scrutiny of the integrated medium-term plan'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	1	7	3	2	–	–	13
NHS board members (%)	19	55	17	9	–	1	119

Table 2.9: The table shows the extent to which Board members agreed with the statement 'the Board receives appropriate information to support effective scrutiny of progress of the integrated medium-term plan'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	3	8	2	–	–	–	13
NHS board members (%)	16	60	19	4	–	1	118

Table 2.10: The table shows the extent to which Board members agreed with the statement 'the organisation is engaging effectively with staff on the major strategic changes outlined in the integrated medium terms plan'.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	4	7	1	1	–	–	13
NHS board members (%)	13	58	22	5	–	3	119

Table 2.11: The table shows the extent to which Board members agreed with the statement ‘the organisation is engaging effectively with clinical staff on the major strategic changes outlined in the integrated medium terms plan’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	2	8	1	1	–	1	13
NHS board members (%)	15	58	19	3	1	3	119

Table 2.12: The table shows the extent to which Board members agreed with the statement ‘the organisation is engaging effectively with service users on the major strategic changes outlined in the integrated medium terms plan’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	–	3	5	3	–	2	13
NHS board members (%)	3	43	36	12	3	4	119

Table 2.13: The table shows the extent to which Board members agreed with the statement ‘the organisation is engaging effectively with statutory and third sector partners on the major strategic changes outlined in the integrated medium terms plan’.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know	Total respondents
Public Health Wales (n)	2	7	3	–	–	1	13
NHS board members (%)	16	54	21	7	1	2	119

Table 2.14: The table shows the extent to which Board members believed that ‘the organisation has a track record of introducing changes to services that result in sustainable improvements in service delivery’.

	Always	Mostly	Sometimes	Rarely	Never	Don't know	Total respondents
Public Health Wales (n)	–	7	5	–	–	1	–
NHS board members (%)	3	51	42	3	–	1	–

Appendix 2

The Trust's management response to 2016 structured assessment recommendations

The Trust's management response will be inserted once the response template has been completed. The appendix will form part of the final report to be published on the Wales Audit Office website once the report has been considered by the Audit and Corporate Governance Committee.

Exhibit 5: Management response

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R1	Where savings rely on reducing or withdrawing funding to external organisations, the Trust should discuss their intentions with funding recipients before these savings are aggregated within expenditure budgets.	Robust financial plans at a divisional level. Confidence that savings will be achieved. Expenditure budgets based on real rather than possible savings.	Yes	Partially	This is not always possible, and some savings are included which are a part year effect of removing funding. Instead, the risk of disinvesting should be identified, and a disinvestment plan should be drawn up which includes timelines for negotiations if necessary. If the risk is high, then alternative savings plans will be identified prior to the final budgets being set which will mitigate this risk.	March 2017	Deputy Director and Head of Finance

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R2	The Trust should ensure that the nature of risks associated with individual savings schemes are recorded for every scheme.	Improved the reliability of the risk assessment of savings schemes.	Yes	Yes	Accepted and this was in place for most savings plans for the 2016/17 budget.	Already in place	Deputy Director and Head of Finance
R3	The Trust needs to ensure reinvestment plans include sufficient detail on costs and timescales as early as possible in the budget setting process.	<p>Directorate and division budgets informed by robust information.</p> <p>Budgets agreed at the start of the financial year.</p> <p>Performance monitored against plan and timely corrective action taken.</p> <p>Budget fully utilised with reduction in underspends at year end.</p>	Yes	Yes	Accepted.	March 2017	Deputy Director and Head of Finance

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R4	<p>The Trust should review the format and content of board finance reports to:</p> <ul style="list-style-type: none"> ensure information enables board members to track performance against the financial plan, including savings and investments; provide assurance that the quality, safety and delivery of services and programmes of work are not affected by financial performance; and provide better links to the performance delivery framework. 	<ul style="list-style-type: none"> Finance performance can be tracked easily against the budget strategy. Increased transparency of performance of savings and (re)investments schemes. Assurance that financial performance does not adversely affect quality and safety and service delivery. Better integration between finance and performance reporting. 	Yes	Yes	Accepted and further work will be undertaken over the following months to consult with board members on the format of the finance and performance reports.	March 2017	Deputy Director and Head of Finance

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R5	The Trust should consider how to make more explicit the linkage, other than a reference number, between strategic priorities and the strategic risks recorded in the board assurance framework, for example, by appending a list of the priorities.	Enable readers to judge whether actions, controls and assurances are appropriate for the strategic risks recorded in the board assurance framework.	No	Yes	The list of strategic priorities will be appended to the board assurance framework.	March 2017	Board Secretary and Head of Corporate Governance/Chief Risk Officer
R6	The Trust should agree which management group will maintain oversight of the recommended actions arising from the 'Review of Lessons Learnt from Incidents, Concerns and Claims' until all actions are addressed and changes have been sustained.	Actions implemented and systems and processes working as intended. Assurance that learning is shared and monitored. Assurance that actions are sustained.	No	Yes	Oversight of the actions from the lessons learnt audit will be monitored by the Service User Experience and Learning Panel with exception reports sent to the Executive team.	End May 2017	Executive Director of Quality, Nursing and Allied Health Professionals

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