

# Baseline Governance Review – Digital Health and Care Wales

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## About this report

- 1 Recognising that Digital Health and Care Wales (DHCW) is a new NHS body established in April 2021, we agreed to undertake a **baseline governance review** rather than a full structured assessment<sup>1</sup> during 2021 with the aim of supporting organisational development and learning whilst still helping to discharge the Auditor General's duty under Section 61 of the Public Audit Wales Act 2004.
- 2 Our work took place within an environment characterised by the need for DHCW to establish itself as trusted health body with a strong brand which functions as a networked organisation within the NHS in Wales. This necessitates DHCW providing continuous high-quality business as usual services whilst also extending its remit within the new digital landscape alongside key partners.
- 3 The current health and care environment, and in particular the additional demands arising from the pandemic, require the Board of DHCW to establish robust corporate governance arrangements. These can provide assurance to key stakeholders that the necessary action is being taken to deliver strategic objectives and that public money is being spent wisely.
- 4 Our baseline governance review sought to provide early views on whether DHCW is making good progress in putting arrangements in place to support good governance and the efficient, effective, and economical use of resources, with a particular focus on:
  - leadership and governance;
  - planning arrangements; and
  - arrangements for managing resources (finances, assets, and workforce).
- 5 Our work was based on a review of relevant documentation, virtual observations at Board and Committee meetings, and structured discussions with the relevant DHCW Officers and Independent Members. We did not seek feedback from DHCW's external partners as part of the review.

<sup>1</sup> The Auditor General has a statutory requirement to satisfy himself that NHS bodies have proper arrangements in place to secure economy, efficiency, and effectiveness in the use of their resources as set out in Section 61 of the Public Audit Wales Act 2004. To help in the discharge of this responsibility, the Auditor General undertakes annual structured assessment work at each NHS body that examines arrangements relating to corporate governance, financial management, strategic planning, and other factors affecting the way in which NHS bodies use their resources.

## Conclusion and key messages

- 6 Overall, we found that **DHCW is making positive progress in putting arrangements in place to support good governance and the efficient, effective, and economical use of resources under challenging operating circumstances.**
- 7 In terms of leadership and governance, we found that:
- solid foundations are in place to support the effective conduct of Board and Committee business with further work in progress.
  - there is a relatively stable Board, with real opportunities to capitalise on the diverse experiences of public and commercial sector Independent Members. Opportunities to further diversify the make-up and experience of the Board exist.
  - DHCW is mindful of the importance of maintaining a fresh outlook and culture, particularly as it seeks to position itself as a ‘trusted digital partner’.
  - the Board and its Committees are maturing, with an orderly and organised approach to meetings evident.
  - DHCW has an important system leadership role to play, particularly in relation to information governance and cyber security. However, clarity on leadership and accountability for both of these critical areas of operation with all of DHCW’s partners is vital.
  - systems and processes of assurance are being progressed and appear to be reasonable and proportionate in the context in which DHCW is operating.
- 8 In terms of planning arrangements, we found that:
- robust arrangements have been laid in DHCW’s Annual Plan for 2021-22, with the vision, strategic objectives, and supporting enablers clearly articulated. However, further work is required around developing a long-term strategy for the organisation.
  - there is good evidence of resource and energy being devoted to building external relationships and capturing feedback and intelligence as DHCW seeks to position itself as a ‘trusted digital partner’.
  - DHCW needs to be mindful of the need to ensure its strategy, plans, and programmes focus on ‘care’ as well as on ‘health’.
- 9 In terms of arrangements for managing resources, we found that:
- good progress is being made to embed new financial systems and processes, with the financial leadership team appearing to be a visible strength.
  - there is an agile approach to programme expenditure, but the draw-down of programme funds and use of single tenders needs to be kept under review.
  - there are some workforce challenges facing the organisation, with timely recruitment, staff retention, and succession planning key against the backdrop of a growing demand for digital skills and a highly competitive recruitment

market. Building on key strategic alliances, including the Wales Institute of Digital Information, will help further strengthen capacity and capability.

- 10 Our findings are set out in more detail in **Appendix 1**.
- 11 We have not made any recommendations. However, we have identified a small number of opportunities for innovation and improvement for the Board to consider. These are detailed in **Appendix 1**.

## Appendix 1

### Audit Overview

#### Aim

To support organisational development and learning by providing early views on whether DHCW is making good progress in putting arrangements in place to support good governance and the efficient, effective and economical use of resources.

#### Areas of focus

- Leadership and governance
- Planning arrangements
- Arrangements for managing resources (finances, assets, workforce)

#### Approach

We have sought to adopt an informal approach as a critical friend to highlight what's going well, what needs more work, and share good practice. This is our own assessment of progress – we haven't sought feedback from DHCW's external partners as part of the review.

## Overall conclusion

**DHCW is making positive progress in putting arrangements in place to support good governance and the efficient, effective, and economical use of resources under challenging operating circumstances.**



## Key findings

### Leadership and governance

- Solid foundations in place to support the effective conduct of Board and Committee business with further work in progress.
- Perception that the pace of progress has been impacted by a lack of shadow operating period, but progressive increase in pace during the third quarter (and most likely the final quarter) of this year; with no obvious detrimental impact to date. However, this will need to be kept under review in light of the present wave of COVID-19.
- Good commitment to ensuring public transparency of Board and Committee business through a range of communication and media channels, with visible leadership apparent during the pandemic.
- Papers are timely and appear to be digestible, largely appropriate in length with summaries and highlights. They have a strong visual 'house style'; which is still evolving. Opportunities to streamline papers further exist (e.g. by including appendices and linked supplemental papers.)

## Key findings

### Leadership and governance (continued)

- Relatively stable Board, with real opportunities to capitalise on the diverse experiences of public and commercial sector Independent Members ('best of both worlds'). The recent IM vacancy presents an opportunity to further diversify the make-up of the Board. For example, the absence of a qualified accountant amongst IMs should be kept under review.
- DHCW is mindful of Board recruitment, retention and attrition and the importance of maintaining a fresh outlook and culture.
- Observations of A&A Committee demonstrated a maturing committee. It is putting the building blocks in place and appears to have a strong focus on risk issues.
- RaTS Committee also appears to be operating as planned.

## Key findings

### Leadership and governance (continued)

- The newly established DG&S committee was noted as unique within Wales (the equivalent in Health Boards / Trusts being the Quality and Safety Committees). Observations of DG&S Committee demonstrated that development is ongoing from the foundation phase, and an orderly and organised approach were evident. However, it will be vital to maintain momentum as the IM / Committee Chair has recently moved on (new Committee Chair recently confirmed.)
- DHCW has an important system leadership role to play, particularly in relation to IG and Cyber Security. As such, DHCW is a valuable resource and point of advice both internally and for other organisations. However, clarity on leadership and accountability for both of these critical areas of operation with all of DHCW's partners is vital to ensure a coordinated and timely response.
- Evidence of the committee structure being used to good effect to oversee DHCW's system leadership role, particularly in relation to managing cyber-security threats and ensuring delivery of the 'data promise'.
- Systems and processes of assurance are being progressed and appear to be reasonable and proportionate in the context in which DHCW is operating. But it's too early to form a definitive view on the assurance of outcomes.

## Key findings

### Planning arrangements

- Robust foundations in 21/22 Annual Plan. It displays the new 'house style', and the vision and strategic objectives. The 4 national objectives and one organisational objective and the supporting enablers are well articulated.
- DHCW is expecting to deliver increasing granularity and new areas for the IMTP and 22/23 Annual Plan, but further work required around developing a long-term strategy for the organisation and the right balance between national consistency and local flexibility.
- DHCW currently re-defining internal and external partnerships as a new Board, positioning itself as a 'trusted digital partner'. Good evidence of resource and energy being devoted to building external relationships and capturing feedback and intelligence, with a Strategic Engagement Plan going the January Board meeting. But it's too early to ascertain wider impact.
- DHCW needs to be mindful of the need to ensure a focus on 'care' as well as 'health'.

## Key findings

### Arrangements for managing resources

- Financial leadership team a visible strength with good progress being made in embedding new systems and processes.
- Agile response on programme expenditure is noted, but need to keep an eye on the draw-down of programme funds and use of single tenders.
- There are some workforce challenges facing the organisation. Timely recruitment, staff retention, and succession planning are key against the backdrop of a growing demand for digital skills and a highly competitive recruitment market.
- Succession planning for specialist senior roles including IG, Cyber and Applications Development are important - this needs to be factored into business continuity and workforce planning processes.
- The New Director of People will need to enact key aspects of the Draft People Strategy at pace building on key strategic alliances including WIDI to further building capacity and capability.

## Opportunities for innovation and improvement

- The pandemic has created a paradigm shift in health and social care delivery. DHCW already demonstrating its value in this arena and is well placed to be in the vanguard of further innovations through co-design and co-creation.
- DHCW has an opportunity to extend its brand as a 'trusted digital partner'; capitalising on a diverse range of experienced public and commercial sector independent members to bring new thinking and a fresh leadership approach.
- The Board could exploit the opportunities to lead innovation in new areas, for example:
  - communication and engagement;
  - digitally enabling health and care; and
  - decision support tools.
- DHCW is developing a distinctive house style for digestible, easy read reports and documents. This could be further tested and extended, such as the IOPR.
- DHCW may want to consider opportunities to further enhance public transparency of Board business including making recordings of Committee meetings available on its website.

## Opportunities for innovation and improvement

- There is positive financial team leadership with good, systems and processes of financial control in place to monitor and manage delivery against financial objectives. It was noted that there isn't a qualified accountant amongst the IMs and whilst there are very experienced financial managers it would seem prudent to keep this under review.
- DHCW needs to progress work on the organisation's strategy to provide further clarity on its long-term vision and objectives, particularly in the context of supporting other bodies to recover from the impact of the pandemic.
- DHCW are currently re-defining their external partnerships (as a new Board). There is an opportunity for systematic capture and use of narrative data to support programme co-design and delivery; increasing value creation and benefits realisation as a 'trusted digital partner' and leader of the new digital culture in Wales.



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