

Structured Assessment 2022 – Betsi Cadwaladr University Health Board

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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2022 structured assessment work at Betsi Cadwaladr University Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004.
- 2 Our 2022 structured assessment work took place at a time when NHS bodies continued to respond to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Health bodies were not only tackling the immediate challenges presented by the public health emergency but were also seeking to recover and transform services to respond to the significant numbers of people who are waiting for treatment and improve population health. NHS bodies and their boards need to have sound corporate governance arrangements that can provide assurance to the public and key stakeholders that the necessary action is being taken to deliver high quality, safe and responsive services, and that public money is being spent wisely.
- 3 The key focus of the work has been on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. This includes consideration of the organisation's governance arrangements; strategic planning arrangements; financial management arrangements; and arrangements for managing the workforce, digital assets, and estate. The approach we adopted to deliver our work is detailed in summarised in **Appendix 1**.
- 4 Through the delivery of our routine audit work at Betsi Cadwaladr University Health Board (the Health Board) we became aware of growing concerns regarding the cohesiveness of the board¹ and senior level working relationships. The nature and extent of the concerns have led the Auditor General to undertake an urgent and focused high-level review of board effectiveness. The findings from that review are being reported separately and we have adjusted the content of this structured assessment report to avoid any duplication of coverage of issues relating to board effectiveness.

¹ The term 'Board Members' includes Independent, associate and Executive Team members. The term 'Board' represents the collective group of Board members. The term 'Health Board' relates to the entire organisation. 'Executive Team' represents the most senior group of Executive Directors within the Health Board.

Background context

5 The Health Board has had some long-standing challenges, having been escalated to the highest category of 'Special Measures' on Welsh Government's escalation framework in 2015. The Welsh Government de-escalated the Health Board in November 2020 with five areas then placed in targeted intervention, namely:

- Mental Health Services;
- Strategy, Planning & Performance;
- Ysbyty Glan Clwyd;
- Leadership; and
- Engagement.

Ysbyty Glan Clwyd was added to areas in 'targeted intervention' in June 2022 following significant issues identified relating to the hospital's Emergency Department and vascular services. The Health Board also faces unprecedented pressure within unscheduled care services and has long waiting lists for its planned care services.

6 In August 2022, the Auditor General's audit of the Health Board's 2021-22 accounts identified significant errors. As a result of the errors and the Health Board's inability to undertake further work, the audit opinion was qualified on a true and fair, and regularity basis. The Health Board commissioned an external review to further explore the cause of the inaccuracies identified in the audit of the Health Board's accounts. That review has now concluded and because of its findings, further investigations by NHS Wales Counter Fraud Service were undertaken.

7 The findings in this structured assessment report need to be considered in the context of the separate report the Auditor General has issued on board effectiveness at Betsi Cadwaladr University Health Board. That report describes a worrying degree of dysfunctionality in the way the wider board and the executive team are working. These problems with working relationships are combining to fundamentally compromise the board's ability to work collectively and collegially to tackle the challenges that the organisation faces. The Welsh Government returned the Health Board to 'Special Measures' in February 2023.

Key messages

- 8 Overall, we found that **the Health Board continues to face significant challenges and risks, particularly in relation to some aspects of quality of services, performance, finance, digital and estates. While it strengthened planning approaches for developing the 2022-23 IMTP and refined some governance arrangements, there is much more to be done.**
- 9 There are long-standing concerns in a number of service areas in addition to our qualified opinions on the 2021-22 accounts and significant concerns we have identified in terms of the board's effectiveness. It is positive that the Health Board developed and approved a ten-year clinical strategy and it now needs to develop enabling clinical plans and the supporting structure to deliver them. Whilst, the Health Board's medium-term planning arrangements have improved in overall terms, it was unable to produce an approvable Plan for 2022-2025. As per revised Welsh Government requirements for the Health Board, it is now developing an annual plan, rather than a three-year plan for 2023-24. The Health Board has also developed other corporate strategies and plans including digital, people and estates. However, it must take steps to ensure that its enabling plans are fully aligned with the clinical strategy and that they maximise value-based healthcare opportunities.
- 10 Because of the carry-forward of deficit from two previous years, the Health Board did not achieve breakeven over the three-year period 2019-22. The financial plan for 2022-23 included reasonable budget assumptions. However, the Health Board made slow progress on delivery against the 2022-23 £35 million savings target. Savings and financial recovery plans for 2023-24 are currently insufficient and are slow to develop. Consequently, there is a risk that its substantial underlying deficit may affect achievement of financial targets next year. This position would significantly worsen if the Welsh Government's additional £82 million targeted intervention funding ceases at the end of next year. Either way, there needs to be a stronger approach to financial recovery, focus on recurring savings which may potentially require difficult disinvestment decisions. We have also noted the high level of single tender waivers used by the Health Board, which raises concerns about the robustness of the Health Board's financial controls and operational financial planning arrangements.
- 11 Our audit of the Health Board's 2021-22 accounts identified significant accounting errors and weaknesses resulting in the Auditor General qualifying his 'true and fair' and 'regularity' opinions. In response to these issues, the consultancy firm Ernst & Young were commissioned to undertake work to identify the reasons for the errors identified. Following their work, a small number of senior staff in the Finance Department have taken a leave of absence pending further investigations by the NHS Wales Counter Fraud Service which were currently on-going at the time of preparing this report.
- 12 During 2022, the Health Board rolled out a new operating model. Whilst this new structure has the potential to strengthen organisational arrangements, its

implementation has not been without challenges. On-going work will be needed to fully implement the new model and to start to secure its intended benefits.

- 13 The Health Board is taking action to strengthen systems of assurance, however, there remain significant weaknesses. The Health Board has recently refreshed its risk strategy for 2022-25 and its Board Assurance Framework. However, many risks are longstanding, indicating that the risk management approach and mitigating actions are not having the desired impact.
- 14 In relation for quality and performance, longstanding concerns remain around some aspects of mental health services and specific concerns also relating to vascular services and the Ysbyty Glan Clwyd emergency department. Equally, given current scheduled and unscheduled care performance and deteriorating waiting list performance on cancer services and eye care services, there is a need to ensure that reporting sufficiently focusses on the impact of improvement actions.
- 15 In general, the Health Board has an open reporting culture in relation to nationally reportable incidents. However, there is scope for the Health Board to better analyse and learn from nationally reportable incidents. We also found a need to ensure more accurate reporting of the number of Public Services Ombudsman for Wales complaints about the Health Board.
- 16 Although the Health Board has a range of staff wellbeing support services in place there needs to be a greater focus on evaluating their impact to inform future investment. The Health Board has made some progress against its digital strategy and subsequent plans. However, delivery is hampered by long-standing resourcing issues, both locally and nationally.
- 17 The Health Board's estate is under pressure due to limited availability of capital funding. This means several key programmes may be 'at risk'. The long-awaited estate strategy clearly sets out the extent of the challenge and risks. There now needs to be focussed and ongoing oversight on the extent to which this strategy is addressing estate risks and supporting new care models.

Recommendations

- 18 **Exhibit 1** provides our recommendations. The Health Board's management response to these recommendations is summarised in **Appendix 2**.

Exhibit 1: 2022 Structured Assessment Recommendations

Review and where needed strengthen risk mitigating actions

- R1 Despite recent changes to the Health Board's strategic and corporate risk arrangements, risk scores in some key areas are not decreasing. The Health Board should review the mitigating actions on the corporate risk register and Board Assurance Framework to ensure they are having the intended impact.

Review of performance management assurance reporting

R2 The Health Board is continuing to refine performance reporting into board and committees. However, there remain concerns around the quality of the performance report and the extent that stated actions will lead to the intended improvements. The Health Board should improve its performance assurance reporting, focussing more on the impact of performance improvement actions.

Ensure accuracy of reporting Public Services Ombudsman for Wales figures

R3 There have been discrepancies between the complaint figures reported by the Public Services Ombudsman for the Health Board and the Health Board's own figures within previous annual reports. While the Health Board rectified this in its 2021-22 annual report, the Health Board should ensure such discrepancies do not reoccur. The Health Board should validate and verify Public Service Ombudsman for Wales complaint numbers prior to inclusion in annual reports.

Review Health Board policies

R4 The Health Board has a significant number of policies overdue for renewal, which exposes the organisation to service and administrative risks. The Health Board should review and update Health Board policies, prioritising high importance policies first, including the policy on policies.

Review audit recommendation tracker

R5 The audit recommendation tracker and report in their current format provide limited detail, particularly around actions considered complete. The Health Board should work with Audit Committee members to review the format of the audit tracker and report to ensure it provides sufficient information to provide assurance.

Implementation of the new operating model

R6 The Health Board should complete the implementation of the new operating model as a matter of urgency, particularly in respect of recruiting substantial post holders and reducing reliance on interim appointments.

Develop a supporting clinical delivery plan

R7 The Health Board has developed a clinical strategy for its services, however, there is lack of detail on how it will be implemented. The Health Board should develop supporting clinical delivery plan/plans and delivery structures to

shape and implement sustainable service models. Clinical plans should inform workforce, estate, financial resource, and digital services planning.

Reporting on the impact of value-based healthcare initiatives

R8 We found limited evidence of how the Health Board is implementing value-based healthcare operationally to its services to maximise value. The Health Board should ensure reporting on its value-based healthcare programme focusses on the outcomes achieved.

Urgently implement financial recovery approaches to strengthen the financial position

R9 As of January 2023 the Health Board is off-track with its current savings plan and is slow to progress the savings plan for 2023-24. The Health Board should:

- prepare appropriate financial recovery programmes as a matter of urgency for both the remainder of this, and the next financial year.
- review options for estate and service disinvestment (i.e., where services are not demonstrating sufficient patient impact and outcomes).
- target digital investments on areas of clear business benefits, i.e., where digital can be used to release service efficiency and/or quality gains elsewhere.
- introduce stronger reporting and oversight of the medium-term financial position, financial strategy and recovery approaches.

Introduce stronger financial planning and control to reduce reliance on single tender waivers

R10 The Health Board has a track-record of substantial and growing use of single tender waivers. The Health Board should improve procurement planning and strengthen single tender waiver financial controls.

Ensure effectiveness of staff wellbeing services

R11 The Health Board has introduced a programme of services to support staff wellbeing. However, it is not currently undertaking sufficient evaluation to ensure these are meeting the needs of staff. The Health Board should evaluate the impact of its staff wellbeing services to inform future investment decisions.

Improve performance and financial oversight for digital and estates

R12 There is a need to put in place arrangements to understand the impact of digital and estates strategies, as well as the financial feasibility of the strategy. The Health Board should:

- review any funding gaps in the digital and estates strategies to determine if they are financially feasible. Update the relevant committee on the findings of the financial feasibility review and how any associated risks will be managed.
- introduce periodic committee reports that not only focus on actions completed but the impact its digital and estates strategies are having on the organisation.

Detailed report

Governance arrangements

- 19 Noting that we have reported separately on the Board's effectiveness, this year's 'governance arrangements' section focusses on key systems of assurance and specific aspects of organisational design.
- 20 We found that **while there has been some progress, systems of assurance need to more effectively support improvement and the new operating model needs to be fully implemented as a matter of urgency.**

Systems of assurance

- 21 We considered the extent to which the Board and its committees oversee, scrutinise, and challenge organisational risks, performance, and quality of services. In examining this, we have looked at whether:
- there is an effective Board Assurance Framework in place, which is actively reviewed and owned by the Board;
 - the Board Assurance Framework is underpinned by appropriate systems for managing risks and performance; overseeing the quality and safety of services; and handling information in a secure manner; and
 - the Health Board takes effective action to address audit and review findings and recommendations.
- 22 We found that **while the Health Board is taking action to strengthen some systems of assurance, there remain significant weaknesses. This can result in lack of assurance that significant and ongoing risks and performance challenges are being addressed and that necessary improvements are being delivered.**
- 23 The Health Board has recently refreshed its risk strategy for 2022-25 and its Board Assurance Framework. Our review indicates that the risks in the Framework are reflective of the main challenges currently facing the Health Board. These risks are reviewed on a quarterly basis by the Risk Management Group. The Board's significant current risks in relation to performance, quality, workforce fragility, and finance present a challenging outlook for the Health Board. Some high-rated risks have been on the register for a substantial period. In some instances, the multitude of actions taken to mitigate the risks do not appear to have made a material difference. Action is therefore needed to ensure that the activities to mitigate risks are effectively addressing these challenges (**Recommendation 1**).
- 24 Over the last year, committees and the Board have highlighted significant concerns that the integrated quality and performance reports are too long and, in some instances, unclear or containing errors. It was for the latter reason that the Quality, Safety and Experience Committee refused to receive the performance report on several occasions during 2021-22. There have also been issues relating to gaps and format issues of performance reports, particularly notable in the August 2022

Board papers. Work continues to refine these reports. However, the Board-level Integrated Quality and Performance Report is still a long document that is not always easy to interpret. The narrative often does not effectively explain when the Health Board will be on back on track, nor does it describe the effectiveness of improvement actions. Urgent action is therefore needed to improve performance assurance reporting (**Recommendation 2**). This is particularly important as organisational performance remains poor in unscheduled care and planned care services. While waits for some diagnostic services are improving, cancer service and eye care waits are slowly worsening.

- 25 Our quality governance report, published in March 2022, highlighted that the Health Board is taking a proactive approach to refreshing its Quality Improvement Strategy and supporting quality framework and is seeking to manage operational quality risks with general committee oversight of quality risks and issues. We also highlighted important opportunities for improvement, such as strengthening arrangements for organisation-wide learning and addressing inconsistencies in resources for quality improvement activities. This is particularly important given longstanding concerns with some aspects of mental health services, vascular services and quality risks associated with the capacity of emergency departments.
- 26 During the 2021-22 financial year, the Health Board reported both the highest number of never event incidents and nationally reportable incidents across Wales. It should be noted that the ability to properly assess the relative position of the Health Board compared to others in Wales is hampered by uncertainty over the robustness of incident reporting across each NHS body. The NHS Wales Delivery Unit² undertook work during the year to assess the Health Board's nationally reportable incidents and never events. They identified a good reporting culture. However, they also found a need for the Health Board to improve incident investigation processes, including looking more broadly at trends to identify learning that can be implemented across the organisation, rather than act on a case-by-case basis. The Delivery Unit undertook further engagement with the Health Board in 2022 to support improvement.
- 27 During June 2022, the Auditor General wrote to the Health Board Chief Executive highlighting inaccuracies in the Health Board's public reporting of the number of complaints the Public Service Ombudsman for Wales had received about the Health Board. Whilst we found no evidence that the inaccuracies identified were the result of deliberate misreporting, we have recommended the Health Board engages more proactively with the Ombudsman's office to validate complaint numbers in advance of public reporting (**Recommendation 3**).
- 28 During 2021, the Health Board undertook an extensive project to migrate its written control documents, including policies, to a new intranet site. This produced a list of 800 confirmed written control documents to be migrated. The exercise identified

² The NHS Wales Delivery Unit aims to support sustainable improvement in NHS Wales and has oversight of the nationally reportable incidents of each NHS body.

many policies where the renewal dates were overdue, with some requiring renewal dating back to 2011. Action is needed to address this as outdated policies could leave the organisation at risk. (**Recommendation 4**).

- 29 An Internal Audit report in March 2022 also identified weaknesses surrounding the Health Board's register of gifts and declarations of interest. The report commented on lack of monitoring arrangements for these processes caused by capacity issues. Lack of capacity has also meant that work to implement the recommendations from the review are now overdue. We note the Health Board has a new declarations of interest system in place from April 2023.
- 30 The Health Board reports an audit tracker to each routine Audit Committee meeting. As the audit tracker format is brief, it does not provide full assurance that recommendations have been truly implemented. We found examples of recommendations or actions which the Health Board considered complete and removed from the tracker only for concerns to subsequently be raised showing the core issue as unresolved (**Recommendation 5**).

Organisational design

- 31 We considered the extent to which the Health Board's organisational structure supports effective governance. In examining this, we have looked at whether the organisational structure supports effective governance and facilitates whole system working.
- 32 We found that **the new operating model has the potential to strengthen the organisation, but to be fully effective, the model needs to be effectively implemented alongside development of a strong and stable leadership.**
- 33 During our structured assessment fieldwork, interviewees reflected that the previous organisation structure created unhelpful divisions of responsibilities. There are also longstanding issues that the implementation of the new operating model provides an opportunity to address. These include examples of staff unnecessarily escalating operational issues to very senior and Executive positions instead of managing them within the operational teams. The Health Board recently introduced a new operating model. This is based on three health communities (east, centre, and west) which integrate acute, community and primary care services³. From our interviews, there seems to be a consensus that this new model will better support integrated service delivery and address some of the historical structural problems.
- 34 However, we also heard several concerns about the way the Health Board introduced its new operating model. Although the lead in time to implement the new model had been fairly significant, we heard concerns that the Health Board

³ The Health Board will be restructuring corporate enabling services (including workforce, finance, and estates and facilities) over coming months to support the new health communities.

was not fully ready to implement the new operating model structure immediately before it went live in August 2022. Our fieldwork didn't find sufficient evidence of an implementation plan or a clear approach for transition of accountabilities. There were also delays in recruitment to key posts resulting in interim appointments and gaps in key positions. Since the implementation in August, we also understand that there has been significant loss of experience and knowledge through the voluntary early release scheme. The Health Board has since made progress with appointments to key posts in the structure, but it must now complete the effective implementation of the new model as a matter of urgency in order to secure the intended benefits (**Recommendation 6**).

Strategic planning arrangements

35 In this section of the report, we provide our views on the Health Board's strategic planning arrangements, with a particular focus on the organisation's:

- vision and strategic objectives;
- Integrated Medium-term Plan;
- planning arrangements; and
- arrangements for implementing and monitoring the delivery of corporate strategies and plans.

36 We found that **while some aspects of strategic planning arrangements have improved, the Health Board is still without an approvable medium-term plan, and the new clinical strategy needs to have underpinning enabling plans which align with the strategy and have clear milestones and outcomes.**

Vision, strategic objectives, and integrated medium-term plan

37 We considered the extent to which there is a vision, strategy, and medium-term plan in place for the organisation. In examining this, we have looked at whether:

- the vision and strategic objectives are future-focussed, and rooted in a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
- the vision and strategic objectives have been developed and adopted by the Board;
- the long-term strategy is underpinned by an appropriate long-term clinical strategy; and
- the IMTP was reviewed by the Board, submitted within the required timeframes in line with Welsh Government guidance and approved by the Minister for Health and Social Services.

38 We found that **the Health Board's clinical strategy is a positive and long-awaited step forward, but its implementation will be dependent on rapidly**

progressing clear underpinning plans to deliver it. Whilst the Health Board made some positive steps in its 2022-25 IMTP development, it is still without an approvable medium-term plan.

- 39 It is positive to note that the Board approved its new Clinical Strategy for 2022-32 in August 2022. This is a long-awaited development and provides a blueprint for the overarching shape of clinical services in north Wales, recognising existing commitments. However, the clinical strategy is still a very high-level document, and it is unclear how the Health Board will monitor progress and judge its success. The Health Board, therefore, will need to act quickly to develop underpinning clinical services plans and an appropriate programme structure to deliver the strategy (**Recommendation 7**).
- 40 The Health Board made reasonable progress in preparing an Integrated Medium-Term Plan (IMTP) for 2022-25. Our work indicates that there were clearer programmes of work set out within the 2022-25 plan than in previous years. There was also reasonable consideration of associated resource requirements for many of these initiatives for the first year of the plan. We found appropriate scrutiny of IMTP drafts⁴ in executive forums and committees in advance of approval by the Board.
- 41 However, despite the progress made with developing an IMTP, the Welsh Government were not able to approve the plan. Welsh Government feedback indicated that the 2022-25 plan needed stronger alignment to the Health Board's targeted intervention improvement framework. The Welsh Government has now asked the Board to prepare an Annual Plan for 2023-24 as part of requirements under special measures. At the time of reporting, the Annual Plan was still being developed.

Planning arrangements

- 42 We considered the extent to which the Board maintains effective oversight of the process for developing corporate strategies and plans. In examining this, we have looked at whether:
- prudent and value-based healthcare principles are considered and reflected in corporate strategies and plans; and
 - corporate strategies and plans have been developed in liaison with relevant internal and external stakeholders.
- 43 We found that **The Health Board is progressing several of its key strategies and plans, however, it must take steps to ensure they are fully aligned, and that they maximise value-based healthcare opportunities.**

⁴ The IMTP was reviewed by the Partnerships, People and Population Health and Performance, Finance and Information Governance Committees between January and March 2022.

- 44 The Health Board has recently published or refreshed several key plans and frameworks alongside the long-term and clinical strategies. This includes the People Strategy and Plan - 'Stronger Together' - and its Mental Health Improvement Plan. However, the Health Board's timeframes for developing plans and strategies are not well-aligned. We would expect to see clinical plans set out the shape of sustainable service models and, following this, strategies for workforce, estate, digital and finance shaped to enable the delivery of the clinical plans. Instead, the Health Board has adopted the opposite approach by approving strategies for workforce, digital and estate in advance of development of sustainable clinical plans and models.
- 45 The aim of Value Based Healthcare⁵ is to improve the health outcomes of the people in Wales in a financially sustainable way. While value-based healthcare is an aim within the clinical strategy and IMTP, there is little evidence to demonstrate it is being effectively implemented and making a difference. Given the significant underlying deficit at the Health Board, there is a clear need to design and shape services to maximise the benefits of value-based healthcare approaches **(Recommendation 8)**.
- 46 The Health Board typically seeks internal and external engagement in its strategy development, but engagement activity during 2021-22 was limited in some cases because of the pandemic. We heard concerns about the low level of staff involvement in developing the 2022-25 IMTP. The Health Board's digital strategy engagement was more successful with over 4,000 comments received from staff and patients. Actions within the digital strategy correlate with the feedback received, demonstrating a commitment to listen and respond. We also found a reasonably well-rounded approach to clinical strategy engagement. The Health Board's online survey received 557 responses. We also found appropriately targeted discussions with senior clinical leaders and partners including north Wales local authorities, third sector partners, the Community Health Council, and the Stakeholder Reference Group.

Implementation and monitoring arrangements

- 47 We considered the extent to which the board oversees, scrutinises, and challenges the implementation and delivery of corporate strategies and plans. In examining this, we have looked at whether:
- corporate strategies and plans contain clear milestones, targets, and outcomes that aid monitoring and reporting; and
 - the board receives regular reports on progress to deliver corporate strategies and plans.
- 48 We found that **monitoring arrangements are variable resulting in limited board and committee assurance on the impact of key strategies and plans.**

⁵ Value in Health – www.vbhc.nhs.wales

- 49 We found variability in the extent to which strategies have clear supporting plans and milestones. However, we did find that the IMTP contained SMART⁶ objectives, as did the Ysbyty Glan Clwyd Improvement Plan, indicating a maturing in the Health Board's planning approach in some areas.
- 50 Both the Partnerships, People and Population Health and Performance, Finance and Information Governance Committees appropriately contributed to the 2022-25 IMTP development and monitoring and continue to do so for 2023-26 plan development. The Health Board has introduced a new format for the 2022-25 IMTP monitoring report and it will continue to develop this in coming months. However, there remain weaknesses in the current approach as board members continue to express frustration that progress reports do not clearly show what actions have been undertaken, when by, and their impact.

Managing financial resources

- 51 In this section of the report, we provide our views on the Health Board's arrangements for managing its financial resources, with a particular focus on the organisation's:
- arrangements for meeting key financial objectives;
 - financial controls; and
 - arrangements for reporting and monitoring financial performance.
- 52 Note: This report does comment on any subsequent review or ongoing investigations in relation to the concerns we identified through our Audit of Accounts.
- 53 We found that **there are significant control weaknesses, including those highlighted within our qualified 2021-22 financial audit opinion. This, along with insufficient plans for ensuring financial sustainability in the medium-term, present the Health Board with urgent and significant financial challenges.**

Financial objectives

- 54 We considered the extent to which the Health Board has effective arrangements in place to meet its key financial objectives. In examining this, we have looked at whether the Health Board:
- met its financial objectives for 2021-22, and is on course to meet its financial duties in 2022-23; and
 - has a clear and robust financial plan in place, which includes realistic and sustainable savings and cost improvement plans.

⁶ SMART relates to setting Specific, Measurable, Achievable, Relevant and Timely performance goals.

55 We found that **the Health Board failed to meet its three-year financial duty to break-even, savings plans are underdelivering and there is a growing risk to the sustainability of finances in the medium-term.**

56 From November 2020, Welsh Government provided the Health Board with £297 million additional strategic allocation over a 3.5-year period. £82 million of this is allocated per year for 2021-22, 2022-23, and 2023-24⁷. The allocation is to cover the financial deficit, to improve performance, and to drive a programme of transformation linked to a sustainable clinical model for North Wales.

57 Despite balancing the financial position in the 2021-22 financial year, the Health Board failed to break-even over the three-year period 2019-2022, reporting a £37.9 million deficit. This has occurred because of year-end deficits carried forward from previous years.

58 The board approved the 2022-25 financial plan as part of its IMTP in March 2022. The plan includes clear cost assumptions, including COVID-19 programme spend. Within the plan, the Health Board set an ambitious savings target of £35 million for 2022-23. However, it was slow to develop savings plans both in advance of, and early in, the year. As of month ten, the Health Board is forecasting year-end savings of £26.8 million against that £35 million target. As of January 2023, savings proposals for 2023-24 also fall substantially short of requirements.

59 The 2022-23 financial savings plan is based on an even split between transactional short-term and recurring savings i.e., £17.5 million of recurring savings out of a total of £35 million. By 2024-25, the plan is to increase 'transformational' recurring savings to 85% of total savings planned. But this step up of recurring savings is likely to be a challenge. At month ten of 2022-23, only £11.4 million of total required recurring savings are expected to be delivered by the end of the financial year although the Health Board is currently forecasting a break-even position.

60 The underachievement of recurring savings will affect the underlying deficit for future years. As of January 2023, the Health Board has identified around £0.5 million of the £23 million recurring savings required for 2023-24. Inability to secure sufficient recurring savings is a particular concern when:

- recurring savings often take longer to deliver, particularly if linked to service transformation.
- there continues to be both substantial inflationary risks to the finances and a risk that the substantial Welsh Government additional allocation will not continue beyond 2023-24.

61 Given the pressure on the Health Board's finances, there is a need to implement financial recovery approaches (**Recommendation 9**). There will also need to be a shift from a position where some IMTP schemes and business cases are seen as a means to secure additional funding, to a position where programmes deliver cost-

⁷ Welsh Government provided additional financial allocation as part of a package of targeted intervention.

efficiencies and cost-avoidance through service change and quality improvement. There may also be a need for disinvestment decisions, particularly where services or estates are not adding value.

Financial controls

- 62 We considered the extent to which the Health Board has appropriate and effective arrangements in place for allocating, authorising, recording, and managing the use of its financial resources. In examining this, we have looked at whether:
- there are effective controls in place to ensure compliance with Standing Financial Instructions and Schemes of Delegation;
 - the Audit Committee maintains appropriate oversight of arrangements and performance relating to single tender waivers, special payments, losses, and counter-fraud;
 - there are effective financial management arrangements in place; and
 - financial statements were submitted on time, contained no material misstatements, and received a clean audit opinion.
- 63 We found that **the Health Board must urgently explore and improve the significant control failures identified as part of our 2021-22 audit of its accounts and increase its grip to reduce spending above planned budgets.**
- 64 The Auditor General issued a qualified ‘true and fair’ and ‘regularity’ opinion on the Health Board’s 2021-22 accounts. The audit identified significant errors including the fact that the Health Board was unable to provide sufficient audit evidence to demonstrate the existence of £72 million of expenses incurred but not paid in the year. There was also insufficient evidence to confirm that expenditure of £122 million occurred in the year or was properly accounted for in the correct accounting period. As the Health Board did not have capacity to support the further audit work necessary to fully explore these issues, a “limitation of scope” qualification was placed on the Health Board’s accounts. In delivery of the audit, we found:
- significant internal control failures around the recognition of accruals, payables, and expenditure in year,
 - the miss-classification of capital spend as revenue, and
 - the failure to obtain Welsh Government and board approval for an accrued contract valued over £1 million, contrary to Standing Orders and the NHS (Wales) Act 2006.’
- 65 Following our audit of the 2021-22 accounts, the Health Board commissioned Ernst & Young to undertake a detailed review to determine what led to the accounts qualification and those involved. That review has now concluded and because of its findings, further investigations have been completed by NHS Wales Counter Fraud Service.
- 66 Expenditure across the Health Board is above budget as of month eight 2022-23, suggesting, in part, financial management control issues. There is also an inherent

risk when changing structures resulting in loss of financial accountability and control. However, we are aware that the Health Board is seeking to strengthen financial control and management within the new operating model.

- 67 The Audit Committee receives regular and appropriate reports relating to single tender waivers⁸, special payments, losses, and counter-fraud at its meetings. The reports are presented in the private session of the meeting, and there is opportunity to refine reporting and move these into the public session. Over the last 12 months, the Audit Committee has raised queries in relation to substantial use of single tender waivers. In 2021-22, the Health Board approved 151 single tender waivers totalling £18.7 million (a 50% and 75% increase respectively against the previous year).
- 68 For the first six months of 2022-23, the Health Board's use of single tender waivers has increased to 70, i.e. a growth of around 30% in comparison with the same period in 2021-22. To put this into perspective, the second largest health board in Wales, Aneurin Bevan University Health Board, reported 8 single tender waivers in the same period. The extensive use of single tender waivers in Betsi Cadwaladr raises significant concerns about financial planning and control arrangements within the Health Board (**Recommendation 9**). The Health Board has identified that it needs to increase its use of NHS frameworks to reduce the need for waivers.

Monitoring and reporting arrangements

- 69 We considered the extent to which the board oversees, scrutinises, and challenges the organisation's financial performance. In examining this, we have looked at whether:
- reports to the board provide a clear picture of the organisation's financial position, as well as the key financial challenges, risks, and mitigating actions taken; and
 - board members sufficiently challenge ongoing assessments of the financial position.
- 70 We found that **despite regular reporting of financial performance, there needs to be a stronger focus on the impact of financial improvement measures in the short-term and overall financial sustainability of the Health Board in the medium-term.**
- 71 There are regular financial reports to the Performance, Finance and Information Governance Committee and the board. The reports set out the short- and longer-term financial challenges, identifying where there are specific financial concerns or overspends. This includes pay and non-pay cost analysis, impacts of Covid-19 and as identified previously, savings performance. Reports indicate that the Health Board appropriately recognises its financial risks and slippage. However, it does

⁸ A single tender waiver is used to allow procurements without a full tendering process and competition.

not adequately convey required remedial actions or the impact of previous financial improvement measures.

- 72 Financial reports receive significant interest from Independent Members and generates detailed discussion. However, Independent Members have publicly commented that the finance reports do not provide sufficient analysis or assurance on how the Health Board will manage its significant financial challenges. Whilst scrutiny is necessarily focused on the current financial position, there is also a need to focus on the measures necessary to ensure the organisation's longer-term financial sustainability once Welsh Government additional allocations ends (**Recommendation 10**).

Managing the workforce, digital resources, the estate, and other physical assets

- 73 In this section of the report, we provide our high-level views on the Health Board's arrangements for managing its wider resources, with a particular focus on the organisation's:
- arrangements for supporting staff wellbeing⁹.
 - arrangements for managing its digital resources; and
 - arrangements for managing its estate and other physical assets.
- 74 We found that **the Health Board needs to ensure that the measures it has introduced to support staff well-being are having the intended impact. Improvements are needed in the way digital projects are resourced and delivered, and significant long-standing issues with the Health Board's estate also need addressing through implementation of the revised strategy.**

Supporting staff wellbeing

- 75 We considered the extent to which the Health Board has appropriate and effective arrangements in place for supporting staff wellbeing. In examining this, we have looked at whether:
- mechanisms to seek staff views about their wellbeing needs are effective, and the Health Board takes appropriate action to respond to findings; and
 - actions to support and improve staff wellbeing are actively monitored by the board, including actions taken in response to our report on how NHS bodies supported staff wellbeing during the COVID-19 pandemic¹⁰.

⁹ Please note we will be undertaking a separate review of the organisation's workforce planning arrangements.

¹⁰ [Taking care of the carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic.](#)

- 76 We found that **while the Health Board has introduced a range of measures to support staff wellbeing, there are insufficient arrangements to evaluate these to determine whether all wellbeing services warrant continued funding.**
- 77 The Health Board has a programme of staff wellbeing services including counselling services, staff wellbeing support and stress awareness sessions. Positively, the Health Board has dedicated resources to manage these services across the three health communities. The Health Board is also putting in place measures to ensure geographically dispersed staff and those without access to organisational technology can access wellbeing services. However, we have noted that feedback gathered as part of the engagement on the Clinical Strategy contained views that the Health Board could do more to support staff wellbeing.
- 78 The Health Board has not conducted a staff survey since 2020 and has not developed pulse surveys or other evaluations to understand uptake, satisfaction levels or impact of wellbeing services in place. Without sufficient evaluation, the service is likely to miss opportunities to focus and improve its offer to its staff. Some wellbeing services were funded with short-term monies in 2021-22. Given the significant continuing service pressures, the Health Board needs to evaluate its wellbeing 'offer' to ensure maximum positive impact from the resources that it is committing (**Recommendation 11**).
- 79 In December 2021, we presented our Taking Care of the Carers report detailing our review of how NHS bodies supported staff wellbeing during the COVID-19 pandemic. While we have sought a management response on several occasions, we have not received this and are therefore unable to review progress. The Health Board should ensure that it adds the Taking Care of the Carers report recommendations to the Audit Committee recommendation tracker and seek suitable assurance on progress.

Managing digital resources

- 80 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its digital resources. In examining this, we have looked at whether:
- there is a Board approved digital strategy in place which seeks to harness and exploit digital technology to improve the quality, safety, and efficiency of services, as well as to support new models of care and new ways of working; and
 - the Board actively monitors the benefits arising from investments in digital technology.
- 81 We found that **there is a need to ensure sufficient resources to deliver on the priorities for digitally enabled services, particularly where investment in digital can leverage efficiency, quality improvement and savings elsewhere.**
- 82 The Health Board approved its digital strategy 'Our Digital Future 2021-24' in May 2021. The digital strategy articulates the Health Board's two digital ambitions

(Enabled Patients and Carers; and Connected Staff) and six key enablers to achieving these ambitions. The strategy sets out several programmes of work to safeguard patient information record systems and modernise delivery models across the organisation. However, the board approved the digital strategy without sufficient clarification of how its delivery would be funded.

- 83 The Health Board has progressed several key digital strategy programmes since May 2021. This included continued implementation of the Welsh Patient Administration System and technology to enable agile working. However, due to lack of resources, over half of the digital projects planned for 2021-22 were either not or partially completed by their intended dates.
- 84 In November 2022 and following on from the 'unfunded' agreement of the digital strategy, the board received a significant update on Digital, Data and Technology plans. These highlighted substantial challenges the digital service faces including:
- strengthening its existing infrastructure
 - targeted investment in digital to meet organisational need and
 - ensuring that capacity and skills within the Digital, Data and Technology department can meet current and future need.
- 85 Again, as seen in May 2021, the board did not agree to fund the improvements in November 2022. The board instead indicated that funding would need to be considered as part of wider IMTP prioritisation. The consequences of ineffective delivery of digital services on patient safety and quality of care are recognised on the Health Board's Board Assurance Framework. According to Health Board figures, the percentage of its overall operational spend on digital services within the organisation is 1.18% compared to an overall average of 2% across Wales. The Health Board should target digital investments on business benefits, with a particular focus where 'digital' can be used to release service efficiency and/or quality gains (**Recommendation 9**).

Managing the estate and other physical assets

- 86 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its estate and other physical assets. In examining this, we have looked at whether:
- there are board-approved strategies and plans in place for managing the organisation's estates and its wider physical assets.
 - there are appropriate arrangements in place for the board to review, scrutinise, challenge, and approve significant capital projects and programmes; and
 - there are appropriate arrangements in place for the board to maintain appropriate oversight of the condition of the estate and other physical assets.
- 87 We found that **the Health Board has significant long-standing estates issues which need addressing.**

- 88 The Health Board's new 10-year estates strategy was approved by the board in January 2023. The strategy clearly demonstrates inadequate Health Board estate. Except for a measure on 'space utilisation', core Health Board estate performs poorly against every other estate measure when compared with the Wales average. Overall, the Health Board performs below target in relation to physical condition of estate and fire safety compliance. The Health Board's 238 properties costs approximately £73 million a year to operate, are generally energy inefficient, and it would cost around £350 million to address the total backlog maintenance requirements.
- 89 The estates strategy provides an unequivocal position on the risks and ongoing challenges the Health Board faces. It also links well to high-level aims set out in the Health Board's clinical strategy, recognising, to a limited extent, changing population health, the geographic dispersion of health service need and intent for changing clinical services. However, there is a need for clinical plans to more clearly set out the future shape of care models to ensure the Health Board's estates fully enable new care pathways.
- 90 Overall, the Estates strategy sets out a good high-level vision and initial agreed priorities including:
- Wrexham Maelor Hospital Infrastructure continuity programme;
 - Ysbyty Gwynedd fire compliance programme;
 - Royal Alexandra Hospital development project;
 - Ablett replacement at Glan Clwyd Hospital;
 - Medical and Health Sciences School; and
 - Regional treatment centre programme.
- 91 The Health Board intends to adopt a regional treatment centre model to increase both diagnostic and elective capacity. The Health Board commissioned a Gateway Review which reported in July 2022. The review raised concerns around the complexity of the funding model, identifying that capital funding would be the preferred option. While originally anticipating these centres to be available in 2023, the Health Board now expects implementation in 2027. This poses a significant risk for the Health Board in terms of ensuring sufficient service capacity to recover the planned care waiting list. The estates priorities set out in paragraph above collectively require hundreds of millions of pounds in capital resourcing and potentially additional revenue financing. Strategic capital financing across Wales is limited, so there is a clear need for the Health Board to ensure that its strategic estate approach is financially feasible. The Health Board's oversight of estates and capital risks is reasonable, and key programmes are reported sufficiently to committee. There is a need however, to ensure the board (**Recommendation 12**):
- continues to effectively prioritise its major programmes and to manage the impact of any delays;
 - are sighted of and agree the necessary financial requirements to pursue the aims set out in the strategy;

- track, over time whether the estates changes are positively contributing to achievement of its estates performance measures;
- assesses the extent that changes in estate are supporting clinical strategy delivery; and
- reviews the impact of its 2022 decarbonisation action plan.

Appendix 1

Audit approach

Exhibit 2 sets out the approach we adopted for delivering our structured assessment work at the Health Board.

Exhibit 2: audit approach

| Element of audit approach | Description |
|---------------------------|--|
| Observations | <p>We observed the following meetings:</p> <ul style="list-style-type: none">• The board, August 2022, June 2022.• Performance, Finance and Information Governance committee, June 2022, April 2022.• Partnerships, People and Population Health committee, June 2022.• Quality, Safety and Experience committee, July 2022, May 2022, and September 2022; and• Audit Committee meetings, as part of regular Audit Wales attendance. <p>In addition, we also observed the board in November 2022 and January 2023 and each of the above committees in January 2023 as part of our review of board effectiveness.</p> |

| Element of audit approach | Description |
|---------------------------|--|
| Documents | <p>We reviewed a range of documents, including:</p> <ul style="list-style-type: none"> • Board and committee Terms of Reference, work programmes, agendas, papers, and minutes. • Key governance documents, including Schemes of Delegation, Standing Orders, Standing Financial Instructions, Registers of Interests, and Registers of Gifts and Hospitality. • Key organisational strategies and plans, including the IMTP. • Key risk management documents, including the Board Assurance Framework and Corporate Risk Register. • Key reports relating to organisational performance and finances. • Annual Report, including the Annual Governance Statement. • Relevant policies and procedures; and • Reports prepared by the Internal Audit Service, Health Inspectorate Wales, Local Counter-Fraud Service, and other relevant external bodies. |

| Element of audit approach | Description |
|---------------------------|--|
| Interviews | <p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> • Chair of Health Board. • Vice-Chair and Chair of Quality, Safety and Experience Committee. • Chair of Performance, Finance, and Information Governance Committee. • Chair of Audit Committee. • Chair of Partnerships, People and Population Health Committee. • Chief Executive (as of August 2022). • Director of Finance. • Medical Director. • Director of Integrated Clinical Services. • Director of Planning and Transformation. • Director of Estates and Facilities. • Director of Capital Planning. • Acute Site Director, Central area. • Acute Site Director, East area. • Integrated Health Community Director, West. • Chief Digital Information Officer. • Board Secretary. • Associate Director Human Resources, Workforce and Organisational Development. • Associate Director Workforce Planning and Performance; and • Associate Director Occupational Health, Safety and Security. |

Appendix 2

Management response to audit recommendations

Exhibit 3: management response.

| Recommendation | Management response | Completion date | Responsible officer |
|--|---|--|--------------------------------|
| <p>Review and where needed strengthen risk mitigating actions – Priority High</p> <p>R1 Despite recent changes to the Health Board’s strategic and corporate risk arrangements, risk scores in some key areas are not decreasing. The Health Board should review the mitigating actions on the corporate risk register and Board Assurance Framework to ensure they are having the intended impact.</p> | <p>The Interim Board Secretary is overseeing the revision of the risk management framework, including consideration of the corporate risk register and Board Assurance Framework to ensure clear mitigations and associated timescales are in place as part of the process of refreshing these documents including robustness of risk action plans. This process will conclude in September 2023 and will be evidenced by a Board approved Risk Management Framework.</p> <p>In the period from this report to the 28 September, the Risk Management Group is overseeing the risks and the mitigating actions and challenges to the scores and mitigations come from the Risk Management Group. The Associate Director of Governance worked with the Risk Management Group to amend the Terms of Reference to reflect the meeting becoming a more “collective support and challenge” to reviewing the significant risks of the organisation.</p> <p>In addition, the Associate Director of Governance brings reports to the Executive Team meeting with key issues related to risk scores and mitigation. This has commenced. Also, the Associate Director of Governance has placed risk on the agenda of the Service Performance and Accountability review</p> | <p>28 September 2023</p> <p>Complete</p> <p>Complete</p> | <p>Interim Board Secretary</p> |

Review of performance management assurance reporting – Priority High

R2 The Health Board is continuing to refine performance reporting into board and committees. However, there remain concerns around the quality of the performance report and the extent that stated actions will lead to the intended improvements. The Health Board should improve its performance assurance reporting, focussing more on the impact of performance improvement actions.

The Health Board is currently developing a revised Integrated Performance Framework that incorporates feedback from the Structured Assessment Review. The Framework will clarify roles and responsibilities of Board, Board Committees and include criteria for escalation of performance matters. The intention of the report will be to provide a more concise high-level overview of Board Performance against NHS Wales Operating Framework Metrics, supplementary analysis in visual form to support better / easier understanding of key issues and a summarised assessment of key performance areas of significant concern and notes comparative improvement/deterioration either against target/plan/trajectory or expectation.

Key areas will include:

- BCU Delivery Framework KPI summary which aligns with NHS Wales existing assessment convention
- A full review of Performance against all NHS Wales Performance Framework Metrics
- Actual v target or trajectory and whether the Board is compliant with that indicator
- Comparative benchmarking against all Wales Health Boards (where available),
- Performance against BCU submitted to NHS Wales performance trajectories
- 12-month trend sparks
- A summary of performance against the Board's submitted trajectories – included as part of the Annual Plan.
- Exception Reporting and the mitigations in place to manage risk.

31 July 2023
with
continued
review

Executive
Director of
Finance and
Performance

| Recommendation | Management response | Completion date | Responsible officer |
|---|--|-----------------|----------------------------|
| <p>Ensure accuracy of reporting Public Services Ombudsman for Wales figures – Priority High</p> <p>R3 There have been discrepancies between the complaint figures reported by the Public Services Ombudsman for the Health Board and the Health Board’s own figures within previous annual reports. While the Health Board rectified this in its 2021-22 annual report, the Health Board should ensure such discrepancies do not reoccur. The Health Board should validate and verify Public Service Ombudsman for Wales complaint numbers prior to inclusion in annual reports.</p> | <p>Following the findings that the Health Board and Ombudsman were reporting different sets of data, monthly meetings were arranged to undertake validation. These have been held with the Head of Complaints Standards at PSOW and his team and the Health Board’s Quality Governance Team. It has recently been agreed to reduce these meetings to quarterly, as there is confidence in the data and ongoing validation process.</p> <p>The Health Board also agreed that to avoid any repeat confusion, in our annual report we would use the Ombudsman’s data definition and we would further validate the data before it is used in our report.</p> <p>This has happened this year as planned – evidence of this has been submitted to Audit Wales.</p> | Complete | Executive Medical Director |

| Recommendation | Management response | Completion date | Responsible officer |
|--|---|---------------------------------------|--------------------------------|
| <p>Review Health Board policies – Priority High</p> <p>R4 The Health Board has a significant number of policies overdue for renewal, which exposes the organisation to service and administrative risks. The Health Board should review and update Health Board policies, prioritising high importance policies first, including the policy on policies.</p> | <p>The Interim Board Secretary has secured dedicated resource back into the Office of the Board Secretary from 1 August 2023 to support the prioritisation and review of policies.</p> <p>The key actions now are to approve an updated “policy on policies” and then agree a priority list of policies to address based on the views of the responsible Executive Team view of priority. The prioritised list / workplan will report through to the Executive Team and Audit Committee.</p> | <p>Complete</p> <p>September 2023</p> | <p>Interim Board Secretary</p> |
| <p>Review audit recommendation tracker – Priority High</p> <p>R5 The audit recommendation tracker and report in their current format provide limited detail, particularly around actions considered complete. The Health Board should work with Audit Committee members to review the format of the audit tracker and report to ensure it provides sufficient information to provide assurance.</p> | <p>A revised internal and external audit tracker is due to be introduced within the Health Board. Key short-term actions (up to September 2023) include the review of the existing audit tracker to consolidate and/or close completed actions for reporting to the September Audit Committee. In parallel to this, the Statutory Compliance, Governance and Policy Manager (under the leadership of the Interim Board Secretary) will develop an in-house digital solution for the future tracking of recommendations.</p> | <p>September 2023</p> | <p>Interim Board Secretary</p> |

| Recommendation | Management response | Completion date | Responsible officer |
|--|--|----------------------------------|--|
| <p>Implementation of the new operating model – Priority High</p> <p>R6 The Health Board should complete the implementation of the new operating model as a matter of urgency, particularly in respect of recruiting substantial post holders and reducing reliance on interim appointments.</p> | <p>The Stronger Together Operating Model is subject to a Stocktake Review as part of the organisation's Special measures response. This will assist in identifying elements that may need revision or strengthening. In the meantime, a recruitment plan for substantive postholders is being implemented.</p> <p>The Health Board undertook an executive search and selection for Chief Executive in summer 2023. A new search and selection partner will be appointed. The People and OD Directorate are working closely with Welsh Government on this. A plan is in place to advertise in quarter four. An interim CEO from the NHS in Wales has been appointed until March 23, and this allows for a portfolio review of the executive to take place (review undertaken by Welsh Government Special Advisor). Following this the Interim CEO will advertise to fill any vacancies substantively.</p> <p>Additional controls to reduce agency and interim reliance have been implemented. This has significantly reduced the number of interims over the past six months.</p> <p>All of the Integrated Healthcare Communities (IHC's) are now led by a substantive Executive Director of Operations, to stabilise and substantively recruit to positions in the IHC structures. A recruitment plan for MH&LD is being implemented to progress substantive appointments.</p> | <p>Continued review required</p> | <p>Deputy Director of Workforce and OD</p> |

| Recommendation | Management response | Completion date | Responsible officer |
|--|---|------------------------------|--|
| <p>Develop a supporting clinical delivery plan – Priority High</p> <p>R7 The Health Board has developed a clinical strategy for its services, however, there is lack of detail on how it will be implemented. The Health Board should develop supporting clinical delivery plan/plans and delivery structures to shape and implement sustainable service models. Clinical plans should inform workforce, estate, financial resource, and digital services planning.</p> | <p>The Health Board will be taking stock of strategic commitments as part of the revised approach to planning. The Special Measures Response Plan includes a review of Planning and the development of an Internal Planning Framework.</p> <p>The Clinical Services Strategy was key to the prioritisation of IMTP proposals and it had been intended that two of the projects taken through the IMTP would be “blueprints” for developing a tool for developing a tool for bringing the strategy into the day to day thinking of the Health Board. However, as significant IMTP investment in new services was not possible this year it is now proposed that:</p> <ul style="list-style-type: none"> • The clinical services strategy is refined as an operational tool within development of dermatology and urology services. • The current review of vascular service implementation is used to inform refinement of the strategy. <p>Therefore, by October 2023 an operational appendix, including use of the National Clinical Framework, will have been agreed.</p> | <p>Quarter 4 2023-24</p> | <p>Exec Director of Strategy and Transformation with leadership support from Clinical Executives (Medical, Nursing and Therapies).</p> |

| Recommendation | Management response | Completion date | Responsible officer |
|--|--|--|--|
| <p>Reporting on the impact of value-based healthcare initiatives – Priority Medium</p> <p>R8 We found limited evidence of how the Health Board is implementing value-based healthcare operationally to its services to maximise value and efficiency. The Health Board should ensure reporting on its value-based healthcare programme focusses on the outcomes achieved.</p> | <p>The approach to Value-Based Health Care will be further considered as part of the development of the Internal Planning Framework for the organisation. This will enable clarity of the Board-led strategic commitment to take forward this approach systematically. In addition, specific VBHC pieces of work are underway e.g. Lymphoedema & Cellulitis, Heart Failure, Long-term Diabetes Hub, PROM led follow up arthroplasty, Non-Emergency Patient Transport Services (NEPTS), PROMs platform.</p> | <p>December 2023 with continued review</p> | <p>Executive Director of Strategy and Planning</p> |

Urgently implement financial recovery approaches to strengthen the financial position – Priority High

R9 As of January 2023 the Health Board is off-track with its current savings plan and is slow to progress the savings plan for 2023-24. The Health Board should:

- prepare appropriate financial recovery programmes as a matter of urgency for both the remainder of this, and the next financial year.
- review options for estate and service disinvestment (i.e., where services are not demonstrating sufficient patient impact and outcomes).
- target digital investments on areas of clear business benefits, i.e., where digital can be used to release service efficiency and/or quality gains elsewhere.
- introduce stronger reporting and oversight of the medium-term financial position, financial

There is a significantly challenged financial position across NHS Wales. The Health Board are fully engaged with Welsh Government.

Health Board was able to attain financial plan for 2022-23 and in doing so deliver against the aggregated three-year break-even duty. In regard to the 2023-24 financial year the team have targeted a stretch value of £30.9m with the plan assuming delivery in year of £25.2m. The systems in place included development of schemes within locality and Division led by the Operational teams. The costing and deliverability of schemes assured by the Chief Financial Officer for financials and overall scheme then signed off by the IHC or Corporate Director. The schemes are then quality assured for delivery by the Head of Financial Improvement, ratings reflective of the Welsh Government Health Circular criteria using a traffic light system (green/amber/red).

The 2023-24 financial year whilst commencing with a low value of schemes identified for initial months is now reporting identification of schemes exceeding the £25.2m targeted levels, with £17.3m rated green within the modelling. The Estates schemes are under review with two properties identified for disposal this year with one of the properties included within the above values (the other excluded owing to Welsh Government approval for disposal being required).

The Health Board has full visibility through monthly performance reporting within the PFIC or actual Health Board meeting, the financial reporting including levels of savings identified and in month performance for the financial year.

Complete

Executive Director of Finance

| Recommendation | Management response | Completion date | Responsible officer |
|--|---|-----------------|---------------------|
| <p>strategy and recovery approaches.</p> | <p>The Health Board has considered its digital plan for 2023-24 as part of the Annual Plan. Significant prioritisation discussion for the medium to longer term is required in order to appropriately assess and implement national and local priorities. The internal Planning Framework will include digital service planning in order that service efficiency and quality benefits are identified as part of prioritisation.</p> <p>Digital have delivered a proof of value for Single Sign On (SSO) that allows ED users to be able to log into their critical applications by tapping of their ID card and the simple entry of a pin number. The SSO application then takes over and automatically opens the applications without the need to enter login details for each application. This significantly expedites the login time of each user by an average of 30 minutes per shift which has been measured. This time can be refocused and invested in patient care. In addition to the time saving opportunity, SSO mitigates the need for generic accounts thus providing a secure environment improving auditability and ensuring compliance with data protection policies, procedures and best practice.</p> | | |

| Recommendation | Management response | Completion date | Responsible officer |
|--|--|-----------------|-------------------------------|
| <p>Introduce stronger financial planning and control to reduce reliance on single tender waivers – Priority High</p> <p>R10 The Health Board has a track-record of substantial and growing use of single tender waivers. The Health Board should improve procurement planning and strengthen single tender waiver financial controls.</p> | <p>The single tender waiver process has been enhanced to ensure that these waivers are only processed where such an action would only be undertaken when compliant with legislation and offers value for money from not testing the wider market. The two key measures contained within the process are signature from the Head of Procurement to assure legality of placement of the award and sign off by the Director of Finance (Operational) to assure the placement of the award will represent value for money.</p> <p>The single tender waivers will be reported to Audit Committee for oversight and assurance of numbers being processed, basis for legality of award and value for money considerations.</p> <p>As part of Special Measures Response Plan a wider Procurement review will take place in order that further learning and improvements can be made, including to the control environment.</p> | Complete | Executive Director of Finance |

| Recommendation | Management response | Completion date | Responsible officer |
|---|--|------------------------------|--|
| <p>Ensure effectiveness of staff wellbeing services – Priority High</p> <p>R11 The Health Board has introduced a programme of services to support staff wellbeing. However, it is not currently undertaking sufficient evaluation to ensure these are meeting the needs of staff. The Health Board should evaluate the impact of its staff wellbeing services to inform future investment decisions.</p> | <p>As part of a wider culture development programme, health and wellbeing of employees will be reviewed, to align Staff Supports Services (SUS) to the culture programme. Scoping of work programme taking place in Q1/2 to develop programme from Q3.</p> <p>As part of this work, a system of service measures and outcomes will be implemented.</p> | <p>Quarter 3 2023-24</p> | <p>Deputy Director of Workforce and OD</p> |

| Recommendation | Management response | Completion date | Responsible officer |
|--|---|----------------------|---|
| <p>Improve performance and financial oversight for digital and estates</p> <p>R12 There is a need to put in place arrangements to understand the impact of digital and estates strategies, as well as the financial feasibility of the strategy. The Health Board should:</p> <ul style="list-style-type: none"> • review any funding gaps in the digital and estates strategies to determine if they are financially feasible. Update the relevant committee on the findings of the financial feasibility review and how any associated risks will be managed. • introduce periodic committee reports that not only focus on actions completed but the impact its digital and estates strategies are having on the organisation. | <p>A number of key mechanisms will be introduced and where in existence, strengthened to support improved planning and oversight relating to digital and estates. These include a new Planning Framework and Integrated Performance Framework. Furthermore, the management of corporate business and governance has been reviewed and in line with commitments in the Special Measures Response Plan, will be revised and strengthened during Q3 2023-24. In accordance with good governance principles, committee self-assessments will be conducted annually as a minimum to include reference to digital and estates strategies.</p> <p>Although addressing deficiencies and risks are the priority proof of value, work in small affordable pockets are progressing and demonstrating the benefits that can be delivered if scaled.</p> | <p>December 2023</p> | <p>Executive Director of Finance</p> <p>Chief Digital & Information Officer</p> |



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.