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# Structured Assessment 2018 – Powys Teaching Health Board

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# Summary report

## About this report

- 1 This report sets out the findings from the Auditor General's 2018 structured assessment work at Powys Teaching Health Board (the Health Board). The work has been undertaken to help discharge the Auditor General's statutory requirement, under section 61 of the Public Audit (Wales) Act 2014, to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
- 2 Our 2018 structured assessment work has included interviews with officers and Independent Members, observations at Board, committee and management meetings and reviews of relevant documents, performance and financial data. We also conducted a survey of Board members across all health boards and NHS trusts. Eight out of 19 Board members invited to take part at the Health Board responded (42%) but as only two were independent members we have not made extensive use of the survey results.
- 3 This year's structured assessment work follows similar themes to previous years' work, although we have broadened the scope to include commentary on arrangements relating to procurement, asset management and improving efficiency and productivity. The report groups our findings under three themes – the Health Board governance arrangements, its approach to strategic planning and the wider arrangements that support the efficient, effective and economical use of resources. The report concludes with our recommendations.
- 4 [Appendix 1](#) summarises the action that has been taken to address previous year's structured assessment recommendations. [Appendix 2](#) sets out the Health Board response to the recommendations arising from our 2018 work.

## Background

- 5 Our 2017 Structured Assessment work found that the Health Board has continued to embed the corporate arrangements that support the efficient, effective and economical use of its resources. In terms of finance we concluded that the Health Board has a reasonable track record of achieving recurrent savings, strengthened monitoring arrangements and met its statutory break-even requirement for the three-year period ending 2016-17. Regarding planning and governance, we concluded that arrangements are broadly sound with further work ongoing to support organisational resilience and to strengthen information governance. We also highlighted that work is underway to identify the workforce elements of the Integrated Medium Term Plan (IMTP) delivery plans, while systematic scrutiny of workforce management arrangements have seen improvements in some workforce metrics.
- 6 The Health Board achieved its statutory break-even financial duty and made a small surplus at the end of 2017-18. It also produced an approved IMTP for 2018-2021 within the timeframe required by the Welsh Government.
- 7 Several changes to executive portfolios took place at the start of 2018. Of note was the separation of executive responsibility for community and mental health from primary care, with the latter being taken on by the Chief Executive on a temporary basis. In December 2018 this role was recombined into the Director of Primary and Community Care and Mental Health/Learning Disabilities, and filled on an

interim basis. The Chair was confirmed in post for another four years. There also have been some changes in independent members.

- 8 The Health Board continues on 'routine arrangements' under the NHS Wales Escalation and Intervention Framework, a position it has retained since the Framework was introduced. The Health Board delivered the majority of its 2017-2021 IMTP commitments, although there are still a few challenges remaining. The Health Board's performance against annual performance targets has been good in most areas although some measures are behind target.
- 9 The Health Board commissions its secondary care services from 15 main NHS organisations across Wales and England. Commissioned services in some of these organisations continue to be of concern. The Health Board is also involved in influencing significant strategic changes in many organisations across these health economies.

## Main conclusion

- 10 Our main conclusion is **the Health Board has broadly sound arrangements in place for governance, strategic planning and use of resources, noting that work is still ongoing in a number of areas to further strengthen arrangements.**
- 11 The findings which underpin our overall conclusion are considered in more detail in the following sections. The Health Board has made progress against previous recommendations, but further work is required to address them in full. A summary of overall progress against recommendations is in [Appendix 1](#).

## Governance

- 12 As in previous years, our structured assessment work has examined the Health Board's governance arrangements. We comment on the way in which the Board and its sub-committees conduct their business, and the extent to which organisational structures are supporting good governance and clear accountabilities. We also looked at the information that the Board and its sub-committees receive to help them oversee and challenge performance and monitor the achievement of organisational objectives. We have drawn upon results from our survey of Board members to help understand where things are working well, and where there is scope to strengthen arrangements.
- 13 We found that **the Health Board is generally well led and well governed and is taking forward work in a number of areas to continue to strengthen its governance arrangements.**

### Conducting business effectively

- 14 We looked at how the Board organises itself to support the effective conduct of business. We found **arrangements for Board and Committees are generally good with scope to further improve some aspects of their arrangements for assurance.**
- 15 Sound governance arrangements are fundamental to help provide strategic direction, challenge the effectiveness of delivery and ensure that corrective actions resolve issues where they arise. The Standing Orders and Scheme of Reservation and Delegation of Powers were reviewed and a small number of changes were made to the version dated May 2017 including the following: due to changes in Executive Directors' portfolios, the committees that they attend on a regular basis were updated; the number of committee meetings reduced to four a year for the Mental Health and Learning Disabilities

Committee and the Workforce and Organisational Development Committee; and the length of time required for papers to be sent out reduced from ten days to seven days. Although the Board approved the changes on 30 May 2018, the revised Standing Orders and Scheme of Reservation and Delegation of Powers have not yet been published.

- 16 Last year, we reported in the structured assessment that the Board and committee work programmes were not approved until July 2017. While we were assured that all committees were working to draft work programmes, we recommended that all Board and committee work programmes are finalised before the start of the next financial year as set out in standing orders. There has been progress this year as Board approved seven out of eight committee work programmes for 2018-19 in May 2018, following approval of the annual plan for 2018-19 in March 2018. However, the Board work programme was not approved until July 2018, but this has not presented any practical problems. There have been recent discussions on how to ensure that Board and committee work programmes are better aligned for 2019-20. Six committees produced annual reports for 2017-18 in May 2018, with the Charitable Funds Committee producing their annual report later in the year following the audit of their accounts in November.
- 17 Standing orders state that to support putting citizens first, the Board's business will be carried out openly and transparently in a manner that encourages the active engagement of its citizens, community partners and other stakeholders. The Board shall facilitate this in a number of ways, including the selection of accessible, suitable venues for meetings. The venues for Board meetings were not included in the Board cycle of business although this is a requirement of standing orders which state that this plan will include proposals on meeting dates, venues and coverage of business activity during the year. All Board meetings are usually held on the Bronllys site apart from the one scheduled alongside the Annual General Meeting which is usually held in Llandrindod Wells. At the July 2018 Board meeting members discussed holding some meetings away from the Bronllys site, to make them more accessible for staff and the public. In order to improve accessibility, the Health Board did undertake live tweeting earlier in the year, but this was not continued during 2018-19. The Board Secretary said she would review arrangements to increase accessibility, including the option of webcasting; although this will not be done during 2018-19, it is scheduled to be discussed as part of the Board development day in February 2019.
- 18 The administration of the Board meeting is generally good with a good flow of assurance and risk between the committees and the Board and appropriate challenge. Action logs are maintained and reviewed for the Board and each committee at every meeting. Items that need to be escalated to the Board are agreed at the end of every meeting. Sufficient time is available at the Board for committee Chairs to present their committees' assurance reports. However, there is scope to improve the content of cover papers because while some do highlight important aspects of reports, others only describe the content or purpose of the report which does not help members to focus on the most important areas.
- 19 While there has been a small number of changes to the independent members during the year, the Board has retained a strong cadre of experienced people while bringing in some replacements following retirements. All Board and Committee meetings have been quorate, although some independent members have periodically experienced problems attending meetings. This is an area the Health Board should keep under review as part of its ongoing work to support Board and Committee effectiveness. The Chair has been confirmed in post for another four years, providing stability. There is currently one independent member vacancy and the recruitment process for a replacement is underway. Following the appointment of the new Director of Social Services to Powys County Council

in April 2018, an application to formally appoint her as an Associate Member of the Board was submitted to the Cabinet Secretary for consideration in September 2018.

- 20 The Health Board's Standing Orders refer to the requirement for three advisory groups: Local Partnership Forum, Stakeholder Reference Group and Healthcare Professionals' Forum. The Local Partnership Forum is well established and has been in place for many years. While it is good to see that the recently reconstituted Stakeholder Reference Group met for the first time in September 2018, they have not yet appointed a Chair to attend Board meetings. Finally, a Healthcare Professionals' Forum should be in place to provide a balanced, multidisciplinary view of healthcare professional issues, to advise the Board on local strategy and delivery. However, there is no Healthcare Professionals' Forum.
- 21 The Executive Committee was established in 2016. From the work we have done, it appears that Executive team decision making is transparent and it provides regular updates to the Board on its activities. However, the terms of reference state it will produce a written annual report to the Board on its activities, although no annual report has been produced.
- 22 The Finance, Planning and Performance Committee was first established in 2014 and has an important function providing assurance and advice on areas within its remit. This year, the membership of the committee was amended to include the Chairs of all other Board committees. This action was taken to support more integrated governance, and whilst we can see the rationale for this, it does now mean that this committee is disproportionately large compared to other Board committees.
- 23 The Board receives regular reports at each meeting for the Welsh Health Specialised Services Committee (WHSSC); Emergency Ambulance Service Committee (EASC); and NHS Wales Shared Services Partnership (NWSSP). The Board also receives updates on the Mid Wales Healthcare Collaborative (MWHC) and the Joint Partnership Board (JPB). The internal audit report, IMTP – Joint Planning Framework, provided reasonable assurance for the 'golden thread' that links together the planning processes of the Health Board and Powys County Council but recommended strengthening some governance arrangements, in particular how developments and decisions are reported to the Health Board. Since March 2018, the Health Board has taken steps to clarify the reporting arrangements by providing regular updates to the Board on meetings held by the Powys Public Services Board (PSB) and the Powys Regional Partnership Board (RPB) which from September 2018 were provided in a separate report. The Chair has been involved in discussions to clarify the remit of the JPB and RPB. Work on the development of a Partnership Governance Framework has started and will be completed before the start of 2019-20.
- 24 The Board is still working on paper which is expensive and difficult to administer. The Health Board is procuring Board software that should improve effectiveness of administration and is providing suitable hardware for members to run it. Training for Board members is planned as part of the roll out in 2019. However, we understand that independent members have had difficulties accessing their NHS email accounts, which contributed to the low response rate to our survey, so it is essential that all members have good ICT access before transferring to an automated system.
- 25 The Board has not had a formal programme of 15-step walkarounds for over a year following on from their evaluation that it was bureaucratic and of a tick-box nature. We note that some independent members have good links to the community and some were involved in tasting food on the wards. The Patient Experience, Quality and Safety Committee in December 2018 is taking forward developments for a formal programme of visits for independent members, including visits to GP practices as part of the formal practice reviews. The Health Board should report on the visits to the Patient Experience Quality and Safety Committee.

- 26 The Board development programme is well established and runs six days across the year. It has a timetable agreed at the start of the year focusing on key areas such as development of the IMTP and Board assurance, but builds in flexibility to allow for in-year developments such as arrangements for out-of-hours services and quality concerns arising in commissioned services. Future Board development days will focus on pertinent areas of revising committee arrangements and strengthening risk and assurance, and they recognise the need to focus on much broader aspects than Board governance as part of the evolving organisation development framework.
- 27 In response to concerns about capacity within the Directorate of Corporate Governance, resources have been reallocated to strengthen the team infrastructure allowing for the recruitment of a Head of Corporate Governance and a Head of Risk and Assurance.
- 28 The Health Board has a 'tracker' which can be used to help monitor progress against audit recommendations. Last year, we reported that the Board Secretary was liaising with the NHS Wales Shared Services Partnership (NWSSP) Audit and Assurance service to make use of their recommendation tracker database. It has subsequently been decided to use the tracker system developed by the Welsh Ambulance Services NHS Trust, which the Health Board aims to have in place by April 2019. While the Health Board has reported to the Audit and Assurance Committee on progress against recommendations, the full tracker has not been seen by the Committee for two years, which is out of line with other health organisations as they regularly provide the full tracker for scrutiny.
- 29 It will be important to ensure that the new tracker includes recommendations from Wales Audit Office reports, given that currently there is no report on progress against recommendations from our reports. We understand that the Health Board is also working towards including recommendations from other external review organisations as part of the development of its recommendation tracker.

### Embedding a sound system of assurance

- 30 We examined whether the Health Board has an effective system of internal control to support Board assurance. We found that **the Health Board continues to strengthen its Board assurance framework and risk management arrangements and internal controls are generally sound.**
- 31 The Board approved the Board assurance framework and risk management framework in January 2017. While it was reported to Board that the Board assurance framework would be updated after approval of the IMTP in March 2018 to reflect the move to eight wellbeing objectives, this has not yet been completed although it is anticipated that the assurance framework will be updated before the start of 2019-20. The assurance framework improvement and deployment plan was agreed in July 2018 and work is underway to ensure by the end of March 2019 this has been completed at an organisational level.
- 32 We reported last year on the extensive work that was in progress across the organisation to ensure that the corporate risk register and directorate risk registers were functioning appropriately. However, internal audit reported at the end of 2017-18 that its risk management and assurance review, which focused on the operational management of risk, including the organisation's approach to training, risk identification and assessment, was rated as providing limited assurance. They reported that this outcome was disappointing given that last year they rated the newly introduced risk management framework as providing reasonable assurance. The 2018-19 internal audit plan has another review of risk management and assurance scheduled for quarter four. It will focus on the effectiveness of the risk management and assurance process, and how this is embedding in light of the introduction of the Board assurance framework.

- 33 Some risks have been amended in-year following changes in circumstances, and this process appears to be working well. The corporate risk register was revised in-year to enhance the layout and provide more detail on the trajectory. However, the score for the majority of risks has stayed the same for some time despite lots of activity. Risk management of these strategic and long-standing risks is regularly discussed openly and in detail at Board and Finance, Planning and Performance Committee.
- 34 At the end of quarter two, the Directorate of Corporate Governance undertook various actions to address the organisational priority on good governance, one of which was to develop and implement a risk and assurance improvement programme to embed the Board-agreed risk management framework and assurance framework principles. The Executive Committee approved the risk improvement and deployment plan in May 2018 and it was presented and discussed at the July 2018 Audit and Assurance Committee. The Finance, Planning and Performance Committee in November 2018 noted that there was much more to do ensure that risks from the operational level are identified and escalated as necessary. The appointment of the Head of Risk and Assurance should provide much needed capacity to help strengthen current risk management arrangements within the Health Board.
- 35 The Patient Experience, Quality and Safety Committee works reasonably well and receives regular reports for provider and commissioned services on performance against a range of metrics. Variations, trends and themes plus actions taken to improve are reported against the Quality Delivery Plan, the Health and Care Standards, the Older People's Commissioner Key Areas, as well as the IMTP. There has been a strong focus on safeguarding, patient experience and complaints; the Welsh Risk Pool report on complaints handling was positive and the Health Board has now recruited to fill the claims handler post that had been vacant for a while. The Committee is currently reviewing the way it functions to ensure it is as effective as it can be ahead of the new financial year.
- 36 The commissioning assurance framework has been in place since 2015 and is used effectively to report on concerns with the performance of commissioned services. It considers patient experience, quality, safety, access, activity finance, governance and strategic change. The approach is in use with 15 NHS organisations in Wales and England and up to 30 specialties are commissioned within each of these providers. The Patient Experience, Quality and Safety Committee receives reports on any concerns about performance from its providers that have been escalated, in particular Shrewsbury and Telford Hospital NHS Trust, where there have been quality issues with maternity services and wider service delivery resulting in the Care Quality Commission taking urgent action against the Trust. The Health Board's Chief Executive holds regular discussions with the Chief Executive from the Trust, which are reported to Board as part of the Chief Executive's report.
- 37 The Health Board asked internal audit to undertake a review of podiatry services following a problem with records management. The report was issued in August 2018 and provided no assurance, citing concerns over the management of the service, the timeliness of the service for patients, and that records were not held securely. The podiatry service is managed by the north and south localities as part of the Directorate of Community and Mental Health, while professional accountability is with the Director of Therapies and Health Sciences. The Director of Therapies role has not been consistently filled over the last five years and the role is currently being covered on an interim basis by the Director of Nursing. Work is underway to address internal audit's recommendations and to ensure that all therapies and diagnostics are working well. A report on the Health Board's Therapies and Health Sciences Strategy 2015-2018 in November 2018 highlighted progress has been made to deliver the strategy in many areas, and any outstanding actions will be brought into the forthcoming IMTP.
- 38 Internal audit's overall programme has been used appropriately and continues to focus on areas of risk where the Health Board has recognised that they have concerns that improvement is required.

The Board welcomed the Head of Internal Audit's reasonable assurance overall opinion for 2017-18 following the limited overall opinion received in recent years.

- 39 While the gifts and hospitality policy is included within the standards of behaviour policy, the Health Board does not have a gifts, hospitality and sponsorship register. The Standing Orders state that a register should be maintained 'including those offers which have been refused' and should be taken to the Audit and Assurance Committee at least annually. No register has been taken for a number of years. The Directorate of Corporate Governance told us they are planning to implement an electronic declarations of interest, gifts and hospitality register in 2019 so this needs to be implemented and training rolled out for staff to ensure they know how to complete it. The Register of Interests Annual Report for Board members in 2017-18 was received by the Board as required.
- 40 Information governance (IG) arrangements are largely consistent with last year. The structured assessment in 2017 highlighted that internal audit rated information and IT security arrangements as providing limited assurance. During 2017-18, there have been improvements in arrangements as the four internal audit reviews that were carried out all provided reasonable assurance on:
- Disaster recovery
  - Data Protection Act (GDPR preparedness)
  - Follow-up of IT governance and resilience
  - Follow-up of ICO report and records management
- 41 A revised IG strategy is to be presented to the Information Management, Technology and Governance Committee in January 2019 for approval. The current strategy (2015-2018) was approved by the Board in June 2015, so is due an update.
- 42 In last year's structured assessment, we noted that the review of out-of-date IG policies had been delayed to fit in with the May 2018 General Data Protection Regulation (GDPR) implementation, so that policies could be updated to reflect the specific requirements of GDPR. An internal audit report on GDPR in March 2018 gave reasonable assurance but highlighted that when compared with establishment benchmarking information from other NHS Wales organisations, the IG team establishment appears inadequate to deliver the additional obligations resulting from the GDPR implementation and business as usual thereafter. Since the review, an additional temporary administrator was recruited for a fixed period.
- 43 Policies management has improved and a recent internal audit report provided reasonable assurance, although the current policy for management of policies is in the process of being updated. All-Wales IG policies have been developed but the Health Board had not adopted them at the time of writing, nor had it completed reviewing its own internal policies. The Health Board needs to ensure that it has up-to-date information-governance-related policies in place.
- 44 Compliance in responses to freedom of information requests has fluctuated and has been at under 70% compliance for ten months of the year. While the team has gained an additional member of staff, the capacity within the IG team to escalate breaches to the Information Commissioner's Office within 72 hours remains a concern although it was reported that performance has recently improved due to process changes. The national target for information governance training compliance is now 95%. The Health Board has not met the target but has moved towards it, so that by August 2018, 85% of staff had completed IG mandatory training, compared to 83% in August 2017, and 61% in April 2016.
- 45 The counter fraud service has been strengthened following the transfer of the service to Abertawe Bro Morgannwg UHB and the appointment of a Local Counter Fraud Specialist to work in Powys from September 2017. The Audit and Assurance Committee approved a revised Counter Fraud, Bribery

and Corruption Policy for 2018. However, only the counter fraud policy from 2015 is available on the internet. The recent successful prosecution of three Health Board employees for a significant fraud against the Health Board has attracted much media interest. The Board has received a number of separate briefings on the systems and processes in place at the time and assurance on the work that has since been completed to strengthen governance arrangements.

- 46 The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect fraud and overpayments by matching data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. It is a highly effective tool in detecting and preventing fraud and overpayments and helping organisations to strengthen their anti-fraud and corruption arrangements.
- 47 In January 2017, the Health Board received 2,499 data-matches as part of the most recent biennial exercise. The data-matches highlight anomalies which when reviewed can help to identify fraud and error. Whilst we would not expect participants to review all data-matches, some of the matches are categorised as 'recommended matches'. These are matches considered to be of high risk and therefore recommended to be prioritised for early review. The Health Board received 147 recommended matches. By November 2017, the Health Board had only reviewed one of the recommended data matches. We reported our concern over this delay in the Health Board's 2017 Annual Audit Report. However, as at 9 November 2018, only 21 matches have been reviewed, of which eight were matches recommended for early review. The matches reviewed primarily relate to payroll and procurement.
- 48 Of the 139 recommended creditor matches, only one has been reviewed, (a further five creditor matches not recommended for early review have been reviewed). Of the six creditor payment matches reviewed, it was found that there had been duplicate/overpayments in four cases. Whilst the Health Board had in these cases already identified and recovered the overpayments, it is disappointing that more matches were not reviewed, as it is possible that they may identify further overpayments that had not already been identified.
- 49 The Health Board has continued to progress its approach to clinical audit during 2018, although it has some way to go before it plays a full role in supporting quality improvement and Board assurance. Our structured assessments in 2016 and 2017 reported concerns with the Health Board's approach to clinical audit. In April 2018, internal audit issued a limited assurance report based on the follow-up audit of progress made addressing the recommendations from its earlier audit of the clinical audit programme. The interim Medical Director responded with an Improvement Plan for Clinical Audit for 2018-2020 covering corporate leadership and operational management of clinical audit which was approved by the Executive Committee in June 2018 and discussed at the Patient Experience Quality and Safety Committee in September 2018. There are a number of actions, many of which are due to be completed before the end of the year. The recently appointed Medical Director and Assistant Medical Director (Clinical Governance) are now leading on this work which should progress quicker now that it has more resource.
- 50 The Health Board has made significant progress addressing audit recommendations from internal audit in a timely manner. In November 2018, the Board Secretary reported that there were only six recommendations outstanding from 2016-17, with all other recommendations implemented or superseded by recommendations made in 2017-18 audit reports. The Health Board reported that they are on track to deliver the recommendations from 2017-18 and 2018-19.

## Ensuring organisational design supports effective governance

- 51 We looked at how the Health Board organises itself to deliver strategic objectives collectively while ensuring clear lines of accountability for delivery. We found **portfolio changes amongst the Executive team and arrangements to strengthen delegation to deputies are supporting effective governance.**
- 52 There have been a significant number of changes to Executive Directors and portfolios during 2018. Responsibilities for Primary, Community and Mental Health were split at the start of the year so that the Director of Nursing became the Interim Director of Community Care and Mental Health, and the Chief Executive took responsibility for primary care supported by the Programme Director for Primary Care, which provided additional support for primary care improving engagement and cluster development. The Director of Nursing role was covered on an interim basis by a secondee from Public Health Wales. In September it was agreed to advertise for a recombined Director of Primary & Community Care and Mental Health/Learning Disabilities, and this role is now covered on an interim basis by a secondment from the Welsh Ambulance Services NHS Trust. The changes in portfolios allowed a fresh consideration of the organisational issues and has helped to inform the next stage of organisational design aligned to the health and care strategy.
- 53 The interim Director of Nursing's secondment recently ended. The substantive Director of Nursing has returned to the post and added interim responsibility for therapies since the Director of Therapies left the organisation, and recruitment has not yet been successful. The Medical Director role has also seen significant turnover during the last five years. A new Medical Director started in-year together with an Assistant Medical Director, which should provide more stability. The Director of Workforce and Organisational Development also took on new responsibilities for facilities and fire.
- 54 The Chief Executive reported that they are reviewing how to provide additional resources for commissioning to the Planning and Performance Directorate to support the organisation's ambition to focus on strategic change through whole system commissioning. More broadly, the Health Board has had some success filling Deputy Director roles to support Executive Directors and provide resilience and succession planning. Posts filled are in public health, finance, workforce and organisational development, and primary care and mental health. Plans are also in development to make changes to organisational design to better align resources to objectives at all levels, and will be implemented in 2019. Lower salaries for senior staff compared to other Health Boards are still an issue, leading to staff leaving for better remuneration in other organisations. We understand the Health Board's Chief Executive has raised this concern with the Welsh Government.

## Strategic planning

- 55 Our work examined how the Board sets strategic objectives for the organisation. We assessed how well the Health Board plans how it will achieve its objectives, using funding, people and other resources that it has, or can make available. We wanted to know if objectives were based firmly on cost, resource and savings analysis. We also asked if plans are sufficiently joined up, both externally and internally and if they are well informed, realistic and time bound. Finally, we wanted to know if the Health Board is monitoring progress with these plans effectively.
- 56 We found that **the Health Board's strategic planning is increasingly systematic with improving mechanisms for monitoring implementation and it is rolling out a new approach to translating its IMTP into action.**

- 57 We looked at how the Board goes about setting its priorities in engagement with key stakeholders and setting them out in a clear IMTP. The Health Board has an IMTP that was approved by the Board and the Welsh Government for 2018-2021. This is the fourth year running that the Health Board's IMTP has been approved. The IMTP for 2018-2021 was re-structured around the eight well-being objectives to align it with the Powys ten-year Health and Care Strategy that was approved in 2017. There are five key areas that the Health Board is working on: developing regional centres, integration and integrated working, advancing rural primary care, developing whole system commissioning and outcomes, and putting digital first.
- 58 The Health Board is working as part of the Powys Regional Partnership Board (RPB) which produced the document **Delivering the Vision – Discharging Our Duties in Relation to the Joint Area Plan** and the Powys Public Service Board's (PSB's) **Towards 2040, the Well-being Plan**. The Board approved both documents at the same time as the IMTP in March 2018.
- 59 The stakeholder engagement strategy has been in place since 2015. The Health Board has undertaken extensive engagement with stakeholders in the development of its plans. It holds around 40 events each year, visiting each of the 13 community areas in Powys at least three times each year. Internal audit's report in August 2018, **IMTP – Joint Planning Framework**, highlighted that this engagement has given the Health Board good insight into the needs and requirements of the population of Powys. The Community Health Council has also reported on its engagement with planning at numerous events. It is too early to say how well the newly established Stakeholder Reference Group will support engagement as they have only had one meeting since it was re-established in September 2018.
- 60 The Health Board has produced an easy read version of the IMTP each year. However, the Health Board's website does not provide any current information on how the public can get involved in service change. The recent NHS staff survey reported high levels of engagement and communication.
- 61 The Health Board continues to influence the numerous strategic change programmes that are underway in the organisations that Powys patients access. The Director of Planning and Performance regularly updates the Finance, Planning and Performance Committee and Board on strategic change in the commissioned services.
- 62 We considered the Health Board's approach to developing the strategic plan and whether it is underpinned by appropriate strategies and plans that are based on cost, resource and savings analysis. Planning for the 2019-2021 IMTP started earlier in the year with a 'delivering our plan' workshop in July 2018 attended by 40 staff below Executive level. A timetable of events was set out for the rest of the year including Board development days and directorate workshops to support the development of directorate plans. The Health Board has set out how it will align its transformation with **A Healthier Wales**.
- 63 Work on clinical change is being undertaken under the umbrella of 'tackling the big 4', namely mental health, cancer, respiratory conditions and circulatory conditions. A clinical plan will start development in the coming months, with a focus around the medical model in community hospitals looking at new ways of working through a multi-disciplinary team approach. The clinical voice has been strengthened through the recently appointed medical director with support from the assistant medical directors and clinical directors.
- 64 A particular focus of change this year is on the development of the North Powys Regional Centre in Newtown. Workshops are being run to develop the themes with the aim of having a plan for a health and care campus before the end of 2018-19.

- 65 Powys County Council approved the Powys Joint ICT Strategy 2018-2020 during the year. However, the Information Management, Technology and Governance Committee did not approve it in May 2018, because they want a strategic plan that includes telehealth and digital futures which are being developed as part of the IMTP process. The strategy has not been resubmitted to the Committee and so there is no current joint ICT strategy. The Health Board should agree its strategic vision for ICT as soon as possible, so that it has a clear direction on which to base its current and future operational plans and arrangements.
- 66 Finally, we looked at whether progress with implementing strategic plans and supporting strategic change programmes is effectively monitored. We found that the Health Board is improving its arrangements for monitoring and reporting its IMTP. The Executive Delivery and Performance Group, which has delegated powers from the Board, oversees the delivery of the organisational objectives by monitoring and reviewing operational performance, putting in place corrective measures where necessary. The Health Board has established a programme of directorate performance reviews. Twice a year the executive team holds the directorates to account for delivery against plan and agreed performance improvement measures. This is also the forum to support the development of integrated plans.
- 67 In our previous structured assessment, we reported that the Chief Executive had appointed Operasee to undertake a review of the current operating model in the Primary, Community and Mental Health Directorate to assess the capacity and capability to deliver the IMTP. The Operasee findings indicate that the IMTP is not effectively operationalised. In September 2018, the Workforce and Organisational Development Committee received a presentation on the main findings and recommendations from the review. The presentation highlighted a number of concerns with the way that business is conducted such as too many meetings. The Chief Executive informed the Board in November 2018 that significant work has been undertaken over the last two months in engaging with colleagues across the Health Board on the Organisational Development Framework. This framework, to be presented to the Board in January 2019, will outline the areas of realignment and development for the organisation to best meet the objectives set out in the Health and Care Strategy.
- 68 The monitoring and reporting arrangements are largely adequate. The integrated performance report format was revised at the start of 2018-19 because of the move to eight wellbeing objectives. Information is provided on the Health Board's performance against the Welsh Government's NHS Outcomes Framework 2018-19 targets and measures and progress on the implementation of the IMTP 2018-19. The layout has improved and now includes benchmarking information to allow comparisons with similar organisations. Reports are provided to the Finance, Planning and Performance Committee for each quarter before going to Board for discussion.
- 69 The Finance, Planning and Performance Committee in November 2018 received a report on the progress against the national delivery plans over the previous six months. However, there was no summary highlighting the key messages, making it more difficult for independent members to gain assurance.

## Wider arrangements that support the efficient, effective and economical use of resources

70 Efficient, effective and economical use of resources largely depends on the arrangements the organisation has for managing its finances, its workforce, improving performance, efficiency and productivity and estates and other physical assets. In this section we comment on those arrangements. We found that, overall, **the Health Board is working hard to tackle workforce challenges, is maintaining financial performance overall but faces challenges in relation to the condition of the estate and managing medical equipment.**

### Managing the finances

71 We considered financial and budget management, financial controls, and operational support and processes. We found that **whilst the Health Board continues to achieve a break-even position, aspects of financial governance and management require improvement.**

72 In recent years, the Health Board has had a good track record of managing financial resources and at the end of 2017-18 reported an underspend of £96,000 against the revenue resource limit of £293.7 million.

73 The Health Board has an approved IMTP for 2018-2021 which shows a projected break-even position over the next three financial years, however, this does include a forecasted deficit of £3.5 million in 2018-19. As part of the plan to deliver break even in 2018-19, the Health Board has a savings target totalling £3.371 million plus further identified non-recurrent actions to close the original £3.5 million deficit. At month 7, the overspend was £1.188 million and £0.910 million off profile against the break-even plan. They have delivered savings of £1.429 million against the year-to-date target of £1.937 million which is a shortfall of £0.508 million. The forecast is for full-year delivery of £3.096 million against £3.371 million target, which is a forecast shortfall of £0.275 million. The Health Board has been looking into various options and at Month 7 is still confident that a break-even position will be achieved for 2018-19.

74 The revenue budget process has been developing over recent years. However, budget letters were not sent out to the Executive Team until June 2018, because of changes in the Executive Team portfolios. As at November 2018, not all the budget letters had been signed. This is a breach of the Standing Financial Instructions, and going forward the Health Board needs to ensure timely provision of budget letters which are then signed by the budget holder in advance of the start of the financial year.

75 The Health Board has made significant progress in developing savings plans, but there remain opportunities for further improvement. The Business Partners are fully involved in the development of savings plans and monitoring and reporting. The Health Board recognises that there is some variation in the level of detail and format of the plans, which is normally determined by the level of savings targeted. There is some variation across operational areas in terms of format and the Health Board acknowledges this could be standardised.

76 The capital budgeting process has been developing over the past couple of years and there is now a robust system which scores applications for discretionary capital spend according to predefined criteria and is then reviewed by an independent panel. This ensures that priority is given to appropriate projects. In March 2018, a high-level paper was taken to the Finance, Planning and Performance Committee on the capital expenditure programme of works projects and equipment, as set out for delivery in the 2018-19 financial year, and the Committee agreed to it being submitted to the Board for

approval. The subsequent Board meeting approved the capital programme as required by standing financial instructions. During the year, the Finance, Planning and Performance Committee receives regular updates on the status of the Capital Programme and associated Welsh Government funded programme activity, which provides assurance that they are on track to deliver the programme.

- 77 There is no formal documented evidence that the Board has reviewed the Standing Financial Instructions, and the current version follows the 2016 all-Wales model. The intention is that these will be updated in line with ongoing all-Wales work. The Standing Orders state that both the Standing Orders and the Standing Financial Instructions should be reviewed at least annually. Our review of the Standing Financial Instructions highlights a need for them to be updated, given section 16 of the Standing Financial Instructions say 'to be confirmed' and, due to changes in the Executive Team, the current portfolio listing is not correct.
- 78 The Audit and Assurance Committee has previously raised concerns about the use of retrospective single-tender waivers. Between April 2017 and September 2018, 18 prospective and five retrospective single-tender waivers were taken to the Audit and Assurance Committee. The quantity of single-tender waivers is decreasing and the Committee is maintaining a close view to ensure that they continue to be used when strictly necessary.
- 79 The Terms of Reference for the Finance, Planning and Performance Committee state that the Committee should 'monitor financial performance against revenue budgets' as well as 'monitor progress with savings plans and cost improvement programmes'. The Committee therefore has a rolling programme where savings targets for an area are brought to the Committee and an Executive Lead is invited to update the Committee on progress made to date. While we saw that this process had started well in 2017, and for the commissioning savings plans in June 2018, the August 2018 presentation on Primary Care was not so focused either in terms of the coverage of savings or the subsequent challenge by the Committee.
- 80 The Health Board's monthly finance reports include the monitoring return as submitted to the Welsh Government (in full as an appendix) plus a specific paper to detail key issues. The latest month available is reported to the next Board or to the Finance, Planning and Performance Committee to ensure timely reporting of information. Between July 2017 and September 2018 the monthly finance reports were all provided to the Board before the Committee, resulting in the Committee being unable to provide deeper scrutiny of the financial information provided ahead of the Board meeting.
- 81 A high risk for the Health Board is that 'there is a service failure of out of hours GMS care' since concerns arose about the financial viability of the Shropdoc out-of-hours service in the summer of 2017. Shropshire Clinical Commissioning Group (CCG) and Telford and Wrekin CCG awarded a contract for out-of-hours services to the delivery partnership of Shropdoc and Shropshire Community Health NHS Trust (Shropcom) in July 2018. The Health Board has a contract for the Shropdoc face-to-face service until 31 March 2019, and the transition to the Wales 111 call handling service took place in October 2018. The Health Board's Clinical Advisory Group is considering options for the service after March 2019, and the Out of Hours Project Board meets regularly to monitor the 111 service, and is considering an options appraisal for a revised longer-term face-to-face service model and procurement arrangements. The Board and Finance, Planning and Performance Committee have been kept informed throughout the process with more detailed briefings and discussions at the Out of Hours Assurance sub-committee, chaired by the Vice Chair.

## Managing the workforce

- 82 The workforce is the Health Board's biggest asset, not least because pay represents such a significant proportion of expenditure. It is important that the workforce is well managed and productive because staff are critical for day-to-day service delivery and for delivering efficiency savings and quality improvements. We found that **the Health Board is improving arrangements for managing and supporting staff but there is scope to improve key performance measures**.
- 83 The Director of Workforce and Organisational Development has a full complement of assistant directors and support staff. The following table shows how the Health Board is performing in relation to some key measures compared with the Wales average. **Exhibit 1** shows that the Health Board's performance is better than the Wales average in relation to sickness absence, appraisals and statutory and mandatory training. Vacancy and turnover rates are higher than the Wales average.

### Exhibit 1: performance against key workforce measures, July 2018<sup>1</sup>

| Workforce measures               | Health Board | Wales average |
|----------------------------------|--------------|---------------|
| Sickness absence                 | 4.6%         | 5.3%          |
| Turnover                         | 12.1%        | 6.9%          |
| Vacancy                          | 2.9%         | 2.6%          |
| Appraisals                       | 79%          | 67%           |
| Statutory and mandatory training | 78%          | 73%           |

Source: NHS Wales Workforce Dashboard, Health Education and Improvement Wales, July 2018

- 84 Currently, the Health Board performs better on sickness absence compared with the Wales average but the current 12-month rolling average is above the 4.42% target. Monthly sickness absence shows seasonal variation with lower rates in summer compared with the winter. Although there were small fluctuations in the 12-month rolling average, overall the rate is unchanged over the last 12 months. Over the last 12 months, there were 1,875 episodes of sickness absence recorded resulting in 26,644 whole-time equivalent days lost at a cost of £2.59 million. This is estimated this to be 13 whole-time equivalent staff. Anxiety/stress/depression/other psychiatric illnesses' and 'other musculoskeletal problems (excluding back problems)' are the main reasons for absence and account for 42% of all episodes of sickness absences.
- 85 Approximately 3.5% of sickness absence is categorised as long term, although long term is not defined anywhere in the report but is assumed to be 28 days or longer. Business Partners and HR Advisors continue to monitor long-term sickness cases, which are highlighted through a weekly caseload tracker, and undertake fortnightly reviews in line with the Sickness Absence Policy. The Business Partners continually monitor sickness levels and work in collaboration with managers to identify targeted interventions.

<sup>1</sup> Sickness: rolling 12-month average at July 2018; Turnover: 12-month period July 2017 to June 2018; Vacancy based on advertised vacancies in July 2018; Appraisal: preceding 12 months at July 2018; Statutory and mandatory training: at July 2018.

- 86 The Health Board remains committed to looking after the health and wellbeing of its staff more broadly and, at the time of our audit, was working to renew its gold award for the Corporate Health Standard in early 2019. The Health Board has also introduced a number of initiatives to support staff and these include: rapid access to occupational health services, rapid access via self-referral to physiotherapy services, online access to a cognitive behaviour therapy programme called SilverCloud and a new staff counselling provider. Access to occupational health has improved with waiting times to see the occupational health doctor reducing from a high of nine months to four weeks. The Health Board also offers employees Wellbeing at Work breaks. The Health Board needs to do more to understand why its actions have not resulted in a reduction in the sickness absence rate.
- 87 Last year, we noted that the Health Board's 12-month rolling turnover rate was increasing and higher than the average turnover rate for other health boards in Wales. Comparative data for this year shows that the 12-month rolling turnover rate continued to rise and, at 12.1% in July 2018, was the highest in Wales. The Health Board's report for September 2018 states that rolling turnover was 11.15% at July 2018 which is different from that reported by the Welsh Government for the same time period. Although turnover is higher than the average, the average number of advertised vacancies in any one month is relatively small compared with other health boards in Wales.
- 88 In last year's structured assessment, we recommended that the Health Board establish the reasons for the high turnover rate. Its review of staff turnover found that 'voluntary resignation – other/not known' was the most commonly cited reason by 41% of leavers. Three-quarters of staff citing this reason had a length of service of five years or less, most were under one year, while two-fifths were aged 50 years or older. Retirement reasons were cited by 25% of leavers. Based on the turnover information presented to the Workforce and Organisational Development Committee in May 2018, the Health Board estimated that two-fifths of leavers were 50 years or older. The Health Board's review also noted that the lack of career progression was commonly cited in exit questionnaires as a reason for leaving but not always accurately captured in the Electronic Staff Record system. There is no information in the report to indicate whether the lack of career progression is age related.
- 89 Few leavers (9%)<sup>2</sup> elect to have an exit interview and since its initial turnover review, the Health Board has continued to have limited success in the number of exit interviews conducted. Exit interviews are a core part of the functionality of the ESR system and the national Hire to Retire project has committed to develop a standardised approach for NHS Wales, which the Health Board intends adopting in due course. The Health Board has identified several initiatives to obtain better information on the reasons for leaving as well as supporting staff retention. The Health Board is also considering using indicators other than turnover to measure retention, which are the number of staff leaving within two years of appointment and those changing roles within the organisation within two years of joining. The Health Board has yet to start reporting on these measures.
- 90 The Health Board has developed a Recruitment and Retention Action Plan, which will be finalised by the end of November 2018. The Strategic Recruitment and Retention Group collaboratively identified three priority areas for consideration over the coming 12 months. These are maximising the use of existing resources; improving the way we promote the Health Board; and the 'Grow Your Own' approach. A staff story to the Mental Health and Learning Disabilities Committee highlighted the difficulty that students have gaining work placements in Powys, although they were successful placements which resulted in them taking up substantive posts.

<sup>2</sup> Based on the turnover information presented to the Workforce and Organisation Development Committee, we estimate that the 24 staff who elected to take part in exit interviews account for 9% of leavers.

- 91 There is ongoing work to improve compliance with the annual appraisal and performance and development review (PADR) process for non-medical and non-dental staff. In July 2018, the Health Board's performance (79%) was better than the Wales average (67%). Data for September show that compliance for non-medical and non-dental staff is now 83%, just below the national target (85%). Most staff (90%) responding to the 2018 NHS Wales staff survey reported having had a PADR in the last 12 months compared with 84% in 2016. Overall compliance with statutory and mandatory training (ie the core skills training framework) was 78% in July. Although below the NHS Wales target (85%), data for September show further improvement with compliance now at 82%.
- 92 Compliance with medical/dental appraisal was 93% for 2017-18. Doctors working in Powys are frequently employed by other health bodies. The Medical Director in the main employer needs to have input from the Health Board into the appraisal as set out in the GMC guidance. The Health Board is strengthening these arrangements. The interim Medical Director told us that not all consultants or staff grade doctors had had a job plan review within the previous 12 months and that she would be taking this work forward. They have had no issues with revalidation for any of their doctors. The recently appointed Assistant Medical Director will take on the Deputy Responsible Officer role and will develop a revalidation action plan to strengthen appraisal, job planning and revalidation for all doctors working in Powys.
- 93 In 2017-18, the Health Board's expenditure on agency staff as a proportion of the total pay bill was the highest in Wales at 6.5% compared with 3.7% across Wales (ranging from 0.3% to 6.5%). In 2016-17, expenditure was £3.45 million but increased by 39% to £4.79 million in 2017-18. Expenditure on agency staff as a percentage of the total pay bill has fluctuated between 7% and 8% between April 2018 and July 2018, double the Wales average. The Welsh Government introduced pay caps for external agency doctors in November 2017. The Health Board continues to work with medical agencies to seek locum doctors at rates below the cap.
- 94 An internal audit of the Health Board's procurement of consultant and agency staff earlier this year found that the arrangements provided limited assurance. Internal Audit found no guidance for using the Framework Agreements or the use of single-tender waivers, the need to improve information for contract monitoring, including systems to ensure self-employed contractors are compliant with the requirements of tax legislation IR35, or the use of off contract agencies. Work is underway to address the report's recommendations.
- 95 The Health Board introduced a centralised approach to the management of bank and agency staffing for inpatient nursing areas in June 2016, which was led initially by the Nursing Directorate. The temporary staffing unit (TSU) works to maximise the use of the Health Board's bank staff, in turn reducing off-contract agency spend and potentially reducing agency usage in the process, whilst maintaining safe staffing. The TSU was transferred to the Workforce and Organisational Development Directorate in September 2017 and temporary staffing functions for facilities has also been centralised. The TSU is working to centralise temporary staffing functions for all staff groups by December 2018. The TSU has made improvements to some governance arrangements around the use of bank and agency staff and streamlined invoice processes. It is now developing several policies to provide a robust framework for the use of bank and agency staff and a fast track process for recruitment to the bank.
- 96 At July 2018, the cost of all agency staff for the preceding 12 months totalled £5 million of which 25% was off contract, mainly for registered nursing staff. On-contract agencies have been unable to meet the supply demands of the Health Board to date. Consequently, the Health Board is using off-contract agencies to ensure safe staffing levels. Information collated by the TSU shows that the demand for

temporary staff is increasing, but on a positive note there was a 1% reduction in the number of shifts filled by off-contract agencies between quarter one in 2017-18 and quarter one in 2018-19. The information on the TSU presented to the Workforce and Organisational Development Committee in September 2018 does not, however, indicate the reasons for the demand in temporary staff, for example, to cover sickness absences or vacancies. However, as part of the recruitment and retention action plan the Health Board will focus on reducing temporary staffing demand.

- 97 The Nurse Staffing Levels (Wales) Act requires health service bodies to make provision for an appropriate nurse staffing level wherever nursing services are provided, and to ensure that they are providing sufficient nurses to allow them time to care for patients sensitively. This requirement extends to anywhere NHS Wales provides or commissions a third party to provide nurses. Under Section 25A the Health Board is required to ensure there are sufficient nurses to care for patients sensitively in both its provided and commissioned services. Sections 25 B, C, D, E currently apply to adult acute medical and surgical wards only, so the Health Board does not have to meet these requirements. The Health Board has put arrangements in place to meet the requirements of section 25A in its provided services. For its commissioned services the Health Board has incorporated actions into the commissioning assurance framework which will be monitored as part of the performance data retrieved from health boards in Wales. A report to the Board in May 2018 said that the process for providing Board assurance with regards to nurse staffing levels is in development.
- 98 The Health Board is taking positive steps to strengthen clinical education. It transferred the resource to the Workforce and Organisational Development function to optimise access to resource and integrate within the wider education and training functions.
- 99 The Health Board's NHS Staff Survey 2018 was very positive overall with a high response rate (50% compared to the all-Wales response rate of 29%). Almost all measures showed positive movements compared to 2016 and to the all-Wales position. The areas of concern mirror increases across Wales for stress and bullying but are still significantly lower than the all-Wales position. The Health Board is committed to action on the results of the survey. The Chief Executive is undertaking CEO Roadshows to discuss the staff survey results with groups of staff and gain their ideas for taking developments forward.
- 100 The Local Partnership Forum is well established and provides a formal mechanism where the Health Board's managers and the Trades Unions work together. The staff representative attends the Workforce and Organisational Development Committee. However, the Local Partnership Forum's annual report for 2017-18 reported that while they met four times in the year as required, a meeting was postponed in November 2017 and was difficult to reschedule. The requirement to have four Executive Directors at each meeting and the difficulty of staff obtaining permission and facilities time in order to attend is causing some difficulties. We recommend that a review is undertaken of the functioning of the Local Partnership Forum to ensure that it is still functioning well.

### Improving performance, efficiency and productivity

- 101 We looked at what the organisation is doing to improve performance, efficiency and productivity. We found that **there is good focus on improving productivity**.
- 102 The Health Board commissions three-quarters of its services and directly provides the rest. The Health and Care Strategy has six guiding principles, one of which is to be prudent and this links across to the IMTP section on prudent and values-based healthcare. Several projects and work streams have been established to deliver prudent health and care eg health and care co-ordination hub and virtual wards.

- 103 As reported last year, the Health Board has a framework for improving performance. Since agreeing the Health and Care Strategy, the Health Board has approved a new performance reporting framework to help the Board monitor progress, identify barriers and risks to delivery and assess outcomes and impact for the citizens of Powys. The Director of Planning and Performance is using CHKS to benchmark services for its own audit reports.
- 104 Performance against plan and Welsh Government measures were good at the end of 2017-18. For five of the six strategic aims the Health Board reported consolidated green ratings, and four of the five relevant strategic aims had a consolidated green rating against delivery of performance targets and measures. Areas that were not on target were access to commissioned services in England and follow-ups, diagnostics and therapy waits for Powys provider services.
- 105 As reported to the Board at the end of quarter one of 2018-19, delivery against the annual plan and performance against Welsh Government measures were good, with consolidated green ratings for all eight wellbeing objectives. Regarding the delivery of performance measures, four of the seven relevant wellbeing objectives had a consolidated green rating. The integrated performance report for quarter two which was discussed at Board in November 2018 shows that overall performance is on track but there has been an increased risk to delivery since quarter one.

#### Managing the estate and other physical assets

- 106 Finally, we considered how the estate and physical assets are managed. We found that **the age and condition of the estate continue to be a high risk; the Health Board is developing its long-term approach to public sector assets and targeting the capital programme to address compliance.**
- 107 Responsibility for the different assets resides across different Executives' portfolios. The Director of Planning and Performance is responsible for estates, plant and land including maintaining the property register. The Director of Finance is responsible for Information Communications Technology (ICT). Fleet is the responsibility of the Director of Workforce and Organisational Development while medical devices reside with the Director of Nursing. Internal audit has identified significant issues with the management of medical equipment and devices which the Health Board is planning to address urgently with work undertaken to identify thousands of items for the medical asset register.
- 108 While the Health Board does not yet have an estates strategy, the Board has agreed the long-term direction for services through the Health and Care Strategy and it has committed to develop a long-term estates strategy during 2018-19. The Health and Care Strategy sets out the ambition to develop public sector assets held by both the Health Board and Powys County Council to provide integrated facilities where they are required. The ambition is to develop regional rural centres which can concentrate services, improve productivity and staffing. Three centres identified are Llandrindod Wells and Brecon which are progressing, and Newtown where a new integrated health and care facility will require Welsh Government funding to support business case development. Community wellbeing hubs will also be developed to support access to services by single points of contact for one-stop appointments. East Radnorshire, Machynlleth and Ystradgynlais are the first areas to be agreed with further work ongoing to develop other areas. As a small organisation, the Health Board has to secure additional funding to increase capacity if it is to progress any significant change and capital schemes.
- 109 The corporate risk register has risk CRR 5 which is that the care provided is compromised due to the Health Board's estate being non-compliant and not fit for purpose. This risk was revised in May 2018 and last reviewed in September 2018. It has a high score of 16. Controls include a focus on addressing maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards.

- 110 This year, the Health Board has completed a full six-facet survey of the condition of the estate. It will show a different profile from previous years with only 62% of the estate in condition category B or above, which is the worst in Wales. Some of the buildings are in very poor condition which inhibits good service delivery. Initial calculations are that backlog maintenance of the estate could be up to £70 million. Work has continued to strengthen long standing compliance issues with updated water safety, ventilation and electrical safety policies approved at the November 2018 Finance, Planning and Performance Committee.
- 111 The Health Board has set out its three-year plan for estates as part of the IMTP. The Board approved the capital programme in March 2018 which sets out the allocation of the discretionary funding as well as the capital bids to the Welsh Government. It also contains pipeline projects that could make use of any slippage monies that may become available towards the year-end. The Health Board has been successful in securing large capital funding from Welsh Government to support the development in Llandrindod Wells. Medical devices are now part of the capital bid process with advice provided by nursing representation.
- 112 ICT arrangements have been strengthened at the Health Board during the year with the introduction of a cyber-security action plan, ICT business continuity arrangements, and some limited customer satisfaction surveys. There is also a nominated cyber security lead who is being trained up to be a Certified Information Systems Security Professional (CISSP).
- 113 The long serving independent member with responsibility for ICT retired during the year and his replacement started in the summer. It is unclear at this stage how this change might impact the Information Management, Technology and Governance Committee, or ICT across the Health Board.
- 114 Operationally, there have been some positive changes within ICT function at the Health Board. Since last year, the ICT department has been restructured so that there is now a single infrastructure team to oversee both the Health Board and the Council's ICT. There will now be an emphasis on process and knowledge management to minimise instances of single points of failure relating to knowledge of the ICT systems in each organisation.
- 115 In last year's structured assessment we recommended that a survey of user satisfaction with IT services is undertaken. The management response stated that a help desk survey had started and in 2018 the Health Board will look to establish a full survey and introduce a Health Board service management board to monitor, manage and amend the service level agreement. Since the end of 2017, user satisfaction surveys are sent out to obtain feedback on the ICT service provided. Feedback is not anonymous as ICT want to be able to see what has gone wrong with specific incidents/requests by either checking the tickets or by following up with users directly. The breakdown of survey results by customer are only made available to a small number of managers within ICT and not the operational staff within the team. Between November 2017 and July 2018, 3,865 surveys have been issued following the closure of jobs which have been logged with the ICT First Line support. They have received 306 responses from Health Board staff which is a low overall response rate of 8%. The Director of Finance said that a survey of user satisfaction with IT services would be undertaken before December 2018 although this has not yet reported.
- 116 Although a cyber security action plan is in place, there has not been a gap analysis against the outputs of the NHS Wales External Security Assessment (undertaken by Stratia Consulting), which occurred after the creation of the plan. There is also no evidence that the findings of the Stratia review (which focussed on cyber security and GDPR) were shared with an appropriate Committee of the Board. The Health Board needs to be confident that it receives an appropriate level of assurance

over the strength of its cyber security arrangements, and, if not, ensure that plans are in place to achieve this.

- 117 A key project within the Health Board continues to be the implementation of the Welsh Community Care Information System (WCCIS) which is tool to access and record information to help health and social care professionals work together to provide care closer to people's homes. Progress on the project is regularly reported to the Information Management, Technology and Governance Committee, but there is recognition that project success is being hindered by delays at a national level to deliver key functionality to allow the system to work effectively for practitioners.

## Recommendations

### Exhibit 2: 2018 recommendations

| 2018 recommendations                     |  |
|--|--|
| <b>Governance</b>                        |  |
| R1                                       | The Health Board does not have a register of gifts, hospitality and sponsorship. The Health Board should establish a register and: <ul style="list-style-type: none"><li>a) provide training to staff on completion of the register of gifts, hospitality and sponsorship including the requirement for a nil response if nothing is received; and</li><li>b) clarify how often this document should be received by the Audit and Assurance Committee.</li></ul> |
| R2                                       | Standing Orders state the requirement for a Healthcare Professionals' Forum but the Health Board does not have one. The Health Board should establish a Healthcare Professionals' Forum to advise the Board on local strategy and delivery.  |
| R3                                       | While the Health Board has provided regular reports on outstanding recommendations, it does not have an audit recommendations tracker. The Health Board should implement an audit recommendations tracker covering internal and external audit.  |
| R4                                       | The Health Board's internet pages do not provide access to current policies such as the counter fraud policy. The Health Board should update its internet site to provide easy access to current policies and strategies.  |
| <b>Board and Committee effectiveness</b> |  |
| R5                                       | The timing of the Finance, Planning and Performance Committee business cycle does not allow detailed scrutiny of the most recent financial report in advance of the Board meeting. The Health Board should review its arrangements to allow detailed scrutiny of the monthly financial reports.  |
| R6                                       | Report cover papers vary in the way in which they are completed which may limit the ability of Board members to focus on the most important areas. The Health Board should improve report cover papers to ensure that they highlight important aspects of reports rather than just describe the content or purpose of the report.  |

## 2018 recommendations

### Financial management

- R7 The Health Board should review and update the Standing Financial Instructions given that the last update was in 2016.
- R8 Not all Executive Directors have signed their budget letters. The Health Board needs to ensure that all budget letters have been provided and signed by the Executive Team before the start of the financial year.
- R9 The Health Board has not made good use of the National Fraud Initiative (NFI) data matches issued in 2017. The Health Board should put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed, prioritised and where necessary investigated in a timely manner. The Health Board should:
- a) commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019; and
  - b) in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data matches.

### Information governance and ICT

- R10 All-Wales information governance policies have been developed but the Health Board had not adopted them, nor completed a review of its own internal policies. The Health Board should review its own information governance policies and adopt the all-Wales information governance policies.
- R11 Powys County Council approved the Powys Joint ICT Strategy 2018-2020 but the Health Board has not yet approved it. The Health Board should work with Powys County Council to update and agree a joint strategic plan for ICT.
- R12 Stratia Consulting undertook the NHS Wales External Security Assessment but the Information Management, Technology and Governance Committee has not seen the report. The Health Board should:
- a) ensure that the Information Management, Technology and Governance Committee has reviewed the policy; and
  - b) establish that the Health Board has the appropriate level of assurance on its cyber security arrangements.

# Appendix 1

## Progress implementing previous recommendations

Exhibit 3: actions in response to 2017 and outstanding previous recommendations

| Recommendation  | Action taken in response  | Completed |
|---|---|-----------|
| R1 Board and committee work programmes were not approved at the start of the financial year. While we were assured that all committees were working to draft work programmes, we recommend that all Board and committee work programmes are finalised before the start of the next financial year.  | The committee programmes were approved by the Board in May 2018 and Board programme approved in July 2018. While this was progress the Chief Executive wants programmes to be approved together in 2019-20 to ensure that they align. | Partial   |
| R2 The rolling turnover rate of staff in the 12 months to October 2017 increased to 11.55%, up from 9.21% in the previous October. This rate was the highest in Wales. While the Health Board is trying to address this issue, we recommend that the Health Board undertakes further work to understand the reasons behind the increasing workforce turnover rate and take actions to address the rise. | While extensive work has been undertaken to understand the high turnover rate and a report provided to the Workforce and Organisational Development Committee, the rate has risen again in 2018.                                      | Yes       |

| Recommendation   | Action taken in response  | Completed          |
|--|---|--------------------|
| <p>R3 IT services are provided under a Section 33 agreement with the Council. The service desk is not meeting its service level agreement (SLA) regarding the time taken to answer calls. There have not been any recent user satisfaction surveys carried out to gauge IT users' views of the service provided. We recommend that a survey of user satisfaction with IT services is undertaken.</p> | <p>Management response in December 2017:</p> <ul style="list-style-type: none"> <li>• Since November 2017 a satisfaction survey linked to logged calls was introduced. This survey has so far reported low levels (8%) of completion.</li> <li>• The management response stated that in 2018 the Health Board will look to establish a full survey and introduce a Health Board service management board to monitor, manage and amend the SLA.</li> </ul> | <p>In progress</p> |

# Appendix 2

## Health Board's response to this year's recommendations

When the relevant committee has considered this report, we will insert a shortened version of the Health Board's response in the report before we publish it on the Wales Audit Office website.

### Exhibit 4: management response to 2018 recommendations

| Ref | Recommendation  | Management response  | Completion date | Responsible officer                      |
|-----|---|--|-----------------|--|
| R1  | <p>The Health Board does not have a register of gifts, hospitality and sponsorship. The Health Board should establish a register and:</p> <ul style="list-style-type: none"><li>a) provide training to staff on completion of the register of gifts, hospitality and sponsorship including the requirement for a nil response if nothing is received; and</li><li>b) clarify how often this document should be received by the Audit and Assurance Committee.</li></ul> | <p>Agree.</p> <p>An approach to register of gifts, hospitality and sponsorship will be developed to include reporting arrangements to the Audit and Assurance Committee.</p> | September 2019  | Board Secretary                          |
| R2  | <p>Standing Orders state the requirement for a Healthcare Professionals' Forum but the Health Board does not have one. The Health Board should establish a Healthcare Professionals' Forum to advise the Board on local strategy and delivery.</p>  | <p>Agree.</p> <p>Current professionals engagement mechanisms will be reviewed and a Healthcare Professionals Forum will be introduced.</p>                                   | October 2019    | Board Secretary with Clinical Executives |

| Ref | Recommendation   | Management response   | Completion date | Responsible officer                   |
|-----|--|---|-----------------|---------------------------------------|
| R3  | While the Health Board has provided regular reports on outstanding recommendations, it has not presented the audit recommendations tracker for some time. The Health Board should implement a simple audit recommendations tracker covering internal and external audit.   | Agree.<br>The work underway on introducing a more effective tracker system will be complete, and the agreement reached on type and frequency of reporting to the Audit Committee. | August 2019     | Board Secretary                       |
| R4  | The Health Board's internet pages do not provide access to current policies such as the counter fraud policy. The Health Board should update its internet site to provide easy access to current policies and strategies.  | Agree.<br>The internet and intranet are subject to upgrade and as part of this visibility of policies will be addressed.  | October 2019    | Board Secretary                       |
| R5  | The timing of the Finance, Planning and Performance Committee business cycle does not allow detailed scrutiny of the most recent financial report in advance of the Board meeting. The Health Board should review its arrangements to allow detailed scrutiny of the monthly financial reports.                                    | Agree.<br>Arrangements will be reviewed to consider how to improve the timing of information for the Committee ahead of Board.  | June 2019       | Board Secretary with Finance Director |
| R6  | Report cover papers vary in the way in which they are completed, which may limit the ability of Board members to focus on the most important areas. The Health Board should improve report cover papers to ensure that they highlight important aspects of reports rather than just describe the content or purpose of the report. | Agree.<br>Report cover papers for Board and Board Committees will be reviewed and work undertaken to improve focus on key aspects.  | June 2019       | Board Secretary                       |
| R7  | The Health Board should review and update the Standing Financial Instructions given that the last update was in 2016.  | Agree.<br>The Standing Financial Instructions will be reviewed and approved during 2019/20.   | November 2019   | Board Secretary with Finance Director |

| Ref | Recommendation  | Management response   | Completion date                  | Responsible officer                   |
|-----|---|---|----------------------------------|---------------------------------------|
| R8  | Not all Executive Directors have signed their budget letters. The Health Board needs to ensure that all budget letters have been provided and signed by the Executive Team before the start of the financial year.  | Agree.<br>The earlier work of the IMTP (submission end of January 2019) will enable a smoother process for budget sign-off for the start of the new financial year. | April 2019                       | Chief Executive with Finance Director |
| R9  | The Health Board has not made good use of the National Fraud Initiative (NFI) data matches issued in 2017. The Health Board should put in place an action plan to ensure that the matches it receives in future NFI exercises are reviewed, prioritised and where necessary investigated in a timely manner. The Health Board should:<br>a) commence review of the data-matches as soon as possible following the release of the next NFI matches in January 2019; and<br>b) in addition to reviewing all the high priority matches recommended for review, carry out a review of a sample of the remaining data matches. | Agree.<br>Review of January 2019 data matches to be completed by March 2019 (both high priority and sample of remaining).   | March 2019                       | Finance Director                      |
| R10 | All-Wales information governance policies have been developed but the Health Board had not adopted them, nor completed a review of its own internal policies. The Health Board should review its own information governance policies and adopt the all-Wales information governance policies.   | Agree.<br>a) The All-Wales policies will be adopted; followed by<br>b) A review of the required health board information governance policies.                       | a) February 2019<br>b) June 2019 | Board Secretary with Medical Director |

| Ref | Recommendation   | Management response   | Completion date | Responsible officer |
|-----|--|---|-----------------|---------------------|
| R11 | Powys County Council approved the Powys Joint ICT Strategy 2018-2020 but the Health Board has not yet approved it. The Health Board should work with Powys County Council to update and agree a joint strategic plan for ICT.  | Agree.<br>A review of the Digital First approach to Health and Social Care is currently being completed to gain a high-level understanding of current Digital First activities within the Health and Social Care Strategy in Powys. Once this work is completed it will be incorporated into the ICT joint Strategic Plan to ensure alignment and a clear plan. |                 | Finance Director    |
| R12 | Stratia Consulting undertook the NHS Wales External Security Assessment but the Information Management, Technology and Governance Committee has not seen the report. The Health Board should: <ul style="list-style-type: none"> <li>a) ensure that the Information Management, Technology and Governance Committee has reviewed the policy; and</li> <li>b) establish that the Health Board has the appropriate level of assurance on its cyber security arrangements.</li> </ul> | Agree. <ul style="list-style-type: none"> <li>a) The Assessment will be scheduled for consideration by the Information Management, Technology and Governance Committee.</li> <li>b) Consideration will be given to the assurance mechanisms in place for cyber security and strengthened where required.</li> </ul>   | April 2019      | Finance Director    |



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