

Structured Assessment 2023 – 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 2023 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 under section 61 of the Public Audit (Wales) Act 2004 to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources.
- 2 Our 2023 Structured Assessment work took place at a time when NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies are also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. More than ever, therefore, NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to themselves, 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 this work has been on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on:
 - Board transparency and effectiveness;
 - Corporate systems of assurance;
 - Corporate approach to planning, and
 - Corporate approach to financial management.Our separate review of board effectiveness is described in the following Background Context section, and our structured assessment work has not reviewed the Health Board's operational delivery arrangements.
- 4 Our work has been informed by our previous structured assessment work, which has been developed and refined over several years. It has also been informed by:
 - Model Standing Orders, Reservation and Delegation of Powers
 - Model Standing Financial Instructions
 - Relevant Welsh Government health circulars and guidance
 - The Good Governance Guide for NHS Wales Boards (Second Edition)
 - Other relevant good practice guidesWe undertook our work between January and February 2024. The methods we used to deliver our work are summarised in **Appendix 1**. We also provide an update in this report on the Health Board progress in addressing outstanding

recommendations identified in previous structured assessment reports in **Appendix 2**.

Background context

- 5 In February 2023, the Auditor General published a report in the public interest on Board Effectiveness at Betsi Cadwaladr University Health Board. The report described a worrying degree of dysfunctionality within the Board and wider senior leadership of the organisation. It concluded that the concerns identified were fundamentally compromising the ability of the Board to work effectively. One week after the publication of the Auditor General's report, the Health Board was escalated into special measures¹, and the Board's Independent Members all resigned.
- 6 Since February 2023 there has been a period of upheaval and change within the Board that initially saw the appointment of an interim Chair and three fixed term Independent Members, and then the recruitment of substantive Independent Members including a Vice Chair as the year progressed. In January 2024 the substantive appointment of the Chair was announced. There have also been changes in the make-up of the Executive Team since February 2023, most notably the announcement of the appointment of a substantive Chief Executive in November 2023.
- 7 In February 2024 we published the findings of our follow up work on Board Effectiveness. This work concluded that after a period of significant disruption during 2023, the board is in a more stable position and working relationships amongst senior leaders are more positive overall. However, the report indicated that there are still fundamental challenges to address, including building a high performing executive team, recruiting substantively to remaining posts on the board, and ensuring the new board demonstrates the unified and effective leadership that is needed to tackle the challenges the organisation faces.
- 8 The structured assessment findings contained in this report need to be considered in the context of, and alongside, our separate Board Effectiveness Follow-up report.

¹ Special Measures are the highest level of escalation on the NHS Wales escalation framework.

Key findings

- 9 We found that **following significant challenges in 2023, the Health Board is more stable and in the process of strengthening key corporate assurance arrangements, but it needs a clear strategy to enable it to develop financially sustainable service models that provide good quality services to meet current and future healthcare demand. The Health Board also needs to ensure there is a sufficient assurance on the impact of actions taken to deliver its plans, to mitigate risk, improve service performance and address audit recommendations.**

Board transparency and effectiveness

- 10 **We found that following a period of disruption in 2023 described in our separate review of board effectiveness, the Health Board has re-established a full committee structure which in overall terms is operating effectively. However, there are opportunities to improve public accessibility to committee meetings and papers and address the backlog of policies that are due for review.**
- 11 Board meetings are accessible to the public both virtually and in-person, however, the public cannot currently observe most committee meetings. There is confusion regarding the deadline for making board and committee papers available to the public in advance of meetings. Confirmed and unconfirmed committee minutes are not all routinely uploaded to the Health Board's website. However, private Board and committee sessions are appropriately reserved for the most sensitive matters and private discussions are summarised in subsequent public meetings.
- 12 Whilst the Health Board has formal and up-to-date standing orders and standing financial instructions to support its Board and committee business, there remains a backlog of policies that are overdue for review.
- 13 Disruption in 2023 meant that some committees were stood down due to the temporary reduced number of independent members. However, in January 2024, following successful and ongoing recruitment of independent members, the Health Board reintroduced a full committee structure. Each committee is supported with a revised term of reference and cycle of business. Annual committee self-assessments are due to take commence early in 2024 and board and committee members regularly reflect on the effectiveness of meetings.
- 14 The Board and the Quality, Safety and Experience Committee continue to regularly hear from patients and the newly established People and Culture Committee has committed to receiving regular staff stories going forward.

Corporate systems of assurance

- 15 We found that the Health Board has revised its risk and performance frameworks and is developing a new quality management system. However, more work is

needed to properly embed these new arrangements, to further develop the Board Assurance Framework, strengthen the management of complaints and incidents and strengthen processes for tracking audit recommendations.

- 16 The Board has approved a revised Board Assurance Framework (BAF). However, the BAF is still in early stages and requires further strengthening and linking to new strategic objectives, once developed. The Health Board's recently updated Risk Management Framework implementation is progressing, focussing on fewer higher priority risks that are linked to 2023-24 Annual Plan priorities and the special measures framework.
- 17 The Health Board recently introduced a new Integrated Performance Framework and Integrated Performance Report. Whilst the narrative set out in performance reports is improving, there is a need to focus more clearly on the action the Health Board is taking to improve performance and whether it is achieving the desired outcomes.
- 18 The Health Board is developing a new Quality Management System (QMS) as part of its requirement to comply with the Health and Social Care (Quality and Engagement) Act (2020). However, it has not provided assurance to the Board that it has reviewed the arrangements in place to support new requirements set out in the Act. Recent patient safety reports have shown poor performance in responding to complaints and incident investigations and many investigations are overdue. We have also noted a sudden and unexplained decrease in complaints in 2023-24, the reasons for which are currently unknown, but the Health Board is investigating.
- 19 The Audit Committee continues to regularly receive an audit tracker report but there is scope to provide further clarity and focus on whether actions taken are addressing the issues identified. The Health Board is taking steps to increase executive ownership of updates to the tracker, which should reduce the amount of time the Office of the Board Secretary is spending to quality assure the information on the tracker.

Corporate approach to planning

- 20 We found that the Health Board has a good understanding of its significant strategic risks and challenges, but it is struggling to meet service demand and its services are not currently financially sustainable. The Health Board needs a clearer and longer-term planning approach that appropriately considers service reconfiguration to sustainably meet current and future healthcare demand. There is also a need to focus reporting, monitoring and assurance of plan delivery of the success of achieving intended outcomes and impacts.
- 21 The Health Board's planning approach demonstrates a good understanding of its key strategic risks and challenges. It is now five years into its ten-year Living Healthier Staying, Well Strategy 2018-28. Acknowledging the longer-term consequences of the pandemic, many of the Health Board's services are struggling to meet demand and the position is not currently financially sustainable.

- 22 We have previously recommended that the Health Board needs to develop plans to support the implementation of its clinical strategy and that remains the case. While there are some limited examples of service developments and change, the Health Board's shorter-term approach to planning and programme delivery has not created a supportive environment for the level of transformation needed. The Health Board needs to create a plan for sustainable services and engage key stakeholders in its development.
- 23 In the Annual Plan 2023-24, the Health Board has agreed and aligned improvement initiatives, but reporting on progress is often task rather than impact or outcome focussed. This makes it difficult to see what difference it is making. The Health Board needs to think about the sustainable configuration of its services and engage its key stakeholders as part of the process ensuring an honest discussion on the challenges ahead.

Corporate approach to managing financial resources

- 24 We found that despite meeting the statutory duty to spend within allocation for the period 2020-23, the Health Board is facing a significant underlying financial deficit. There is a clear need for a robust financial strategy linked to sustainable and good quality clinical service models.
- 25 The Health Board met its duty to spend within its financial allocation over the three-year rolling period 2020-23 supported by additional strategic financial assistance from the Welsh Government. However, the overall financial position remains a significant concern because of the underlying deficit. In the current financial year, it has received £82 million as part of a Welsh Government funding allocation to support targeted intervention as part of a 3½ year financial package. It received a further £34 million to support performance improvements, and, in October, the Welsh Government allocated an additional £101.5 million to the Health Board to help respond to increasing financial challenges across NHS Wales. In total, as of December 2023, the Health Board received an additional £217.5 million non-recurring financial allocation in 2023-24. Despite this, it continues to forecast a £33 million deficit. The historic short-term approach to financial planning is driving a transactional approach to financial management. While there is a clear need for transactional financial control, there is also a need for a financial strategy to improve the position on the underlying deficit that is linked to financially viable and sustainable clinical models.
- 26 The Health Board demonstrates reasonable approaches for scrutinising routine financial management arrangements and issues. However, given the financial issues identified in the audit of the 2021-22 and 2022-23 accounts, there is a need to fully assure the Board, through its committees, that the issues identified by Audit Wales, and the recommendations made in the subsequent EY investigation report are fully addressed.

Recommendations

27 **Exhibit 1** details the recommendations arising from our work. These include timescales and our assessment of priority. The Health Board's response to our recommendations is summarised in **Appendix 3**. **Appendix 2** provides an overview of progress against last year's recommendations.

Exhibit 1: 2023 recommendations

Recommendations

Transparency of board and committee business

- R1 Currently, there is confusion about how many days in advance of meetings papers for Board and committee papers should be made publicly available. The Health Board should agree and communicate a consistent target date for publishing agendas ahead of Board and committee meetings. **Paragraph 34**
- R2 The minutes for some committee meetings are missing from the website many months after the meeting date. This affects timely public access to committee discussions. The Health Board should introduce arrangements to ensure the public have timelier access to records of committee meetings as part of its wider efforts to enhance transparency of Board business. **Paragraph 35**

Changing trends in complaint numbers 2023-24

- R3 There has also been a significant unexplained drop in the number of complaints received for the first six months of 2023-24 compared to the previous year. The Health Board should urgently work to discover the reason to ensure complaints are not being missed or mis-reported. **Paragraph 67**

Recommendation tracking

- R4 Our work identified that not all Audit Wales recommendations made in 2023 were added to the audit tracker. The Health Board should ensure there is a process to add all recommendations made by Audit Wales to the audit tracker in a timely fashion. **Paragraph 71**
- R5 Currently, there is insufficient committee oversight to monitor progress made against recommendations made by non-audit bodies. The Health Board should introduce effective committee oversight for monitoring progress made against recommendations of regulators, including, but not limited to, Healthcare Inspectorate Wales, the Coroner, the Welsh Language Commissioner, the Health and Safety Executive, and the Public Services Ombudsman for Wales. **Paragraph 73**

Recommendations

Clinical engagement plan

- R6 More needs to be done to reconfigure services to ensure they sustainably meet current and future population healthcare needs. To accompany its clinical strategy, the Health Board should undertake key stakeholder engagement plan to help it shape sustainable service models designed to meet current and future demand. **Paragraph 79**
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Financial strategy

- R7 It is difficult to see the extent to which the Health Board's improvement initiatives and aims set out in the 2023-24 Annual Plan were financially affordable. The Health Board should develop a financial strategy, supported by a medium-term financial plan with the aim of supporting good quality and sustainable service models and reducing the Health Board's deficit and underlying deficit. **Paragraph 95**
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Monitoring progress against accounting issues

- R8 Ensure that the Audit Committee receives assurance on the progress that the Health Board is making to address the complete range of issues identified in the Audit Wales 2021-22 and 2022-23 audit of accounts, and the subsequent EY review has been slower than intended. **Paragraph 101**

Detailed report

Board transparency and effectiveness

- 28 We considered whether the Health Board's Board conducts its business appropriately, effectively, and transparently.
- 29 We found that following a period of disruption in 2023 described in our separate review of board effectiveness, the Health Board has re-established a full committee structure which in overall terms is operating effectively. However, there are opportunities to improve public accessibility to committee meetings and papers and address the backlog of policies that are due for review.

Public transparency of Board business

- 30 We considered whether the Board promotes and demonstrates a commitment to public transparency of board and committee business. We were specifically looking for evidence of Board and committee:
- meetings that are accessible to the public;
 - papers being made publicly available in advance of meetings;
 - business and decision-making being conducted transparently; and
 - meeting minutes being made publicly available in a timely manner.
- 31 **We found that the Health Board is increasingly demonstrating public transparency of board business, however, there are opportunities to improve and standardise these arrangements for board committee meetings.**
- 32 In-person Board meetings take place in locations across North Wales on a rotational basis and are open for the public to observe. Meetings are broadcast live on YouTube with recordings made available to the public shortly after. The Board no longer addresses questions raised by the public during meetings, having reflected that questions submitted were based on a narrow view of patient experiences, and subsequently commenced wider work on citizen engagement. However, the Board continues to respond to queries raised by the public outside of meetings.
- 33 Committee meetings are not live-streamed or recorded for the public to view, and the Health Board's website indicates that only two of the eight committees currently allow the public to observe meetings by request. Questions from the public can be submitted to all committees before meetings.
- 34 The Health Board's Standing Orders require Board and committee papers to be circulated to members and uploaded to the website ten days in advance of meetings. However, internally, a standard of seven days is reported against, and the public website cites that papers are published five days in advance of Board meetings and seven days for committee meetings (**Recommendation 1**). Breaches are routinely reported to the Audit Committee. The Health Board is clarifying its Board and committee meeting forward calendar, which also provides

the opportunity to provide clear paper publication dates, which should help ensure timely submission of papers.

- 35 We have also noted inconsistencies in the timeliness of uploading unconfirmed and confirmed minutes after meetings. When we reviewed the website in January 2024, we found that minutes for some committee meetings were missing months after the meeting date². Given that committee meetings are not livestreamed, and recordings are not available to the public, it is important that minutes are added to the website soon after minutes to enable the public to see what has been discussed in meetings. To increase transparency further and ensure that the public has timely access to committee business, the Health Board should introduce arrangements to ensure the public have timelier access to records of committee meetings as part of its wider efforts to enhance transparency of Board business **(Recommendation 2)**.
- 36 The Board continues to appropriately reserve private Board and committee sessions for sensitive and commercial matters only. However, there is scope to clarify the rationale on report coversheets to explain why items are considered in private. The Health Board appropriately reports a summary of matters discussed in private in the subsequent public meeting.
- 37 As discussed in more detail in our Board Effectiveness Follow-up report 2024, we have observed more open and honest discussions in recent public Board and committee meetings.

Arrangements to support the conduct of Board business

- 38 We considered whether there are proper and transparent arrangements in place to support the effective conduct of Board and committee business. We were specifically looking for evidence of:
- a formal, up-to-date, and publicly available Reservation and Delegation of Powers and Scheme of Delegation in place, which clearly sets out accountabilities;
 - formal, up-to-date, and publicly available Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
 - formal, up-to-date, and publicly available policies and procedures in place to promote and ensure probity and propriety.
- 39 We found that **whilst the Health Board has formal and up-to-date standing orders and standing financial instructions to support its Board and**

² At the time of our fieldwork, confirmed minutes for the Remuneration Committee had not been uploaded since July 2023 and there were no confirmed minutes for the Audit Committee since August 2023.

committee business, there remains a backlog of policies that are overdue for review.

- 40 The Board, supported by the Audit Committee regularly and appropriately reviews its Standing Orders, the Scheme of Reservation and Delegation, and Standing Financial Instructions. They were most recently updated in November 2023, but the most recent versions are not yet available on the Health Board's website.
- 41 The Board and its committees adopt good governance procedures at the beginning of meetings including requesting declarations of interest. The Audit Committee annually reviews the procedures for declaring, registering, and managing interests, gifts, and hospitality. Current registers for Board members are available on the Health Board's website but are not easily accessible. The Health Board launched a new system for recording declarations of interests, gifts and hospitality in August 2023. The new system, alongside focussed communication is positively resulting in an increase in declarations across the wider organisation.
- 42 The position relating to Health Board policies is more concerning; 84 (59%) of the Health Board's 143 policies are currently overdue for review. The Health Board's policy for the review and update of policies is currently being reviewed and will set out a new process for ensuring written control documents are kept up to date with current legislation and other requirements. The revised policy for the review and update of policies has been discussed by operational groups and the Audit Committee. The Audit Committee expects to receive the final version of the policy alongside a plan to prioritise the backlog of policies overdue for review in March 2024 (**Appendix 2, R4 2022**).

Effectiveness of Board and committee meetings

- 43 We considered whether Board and committee meetings are conducted appropriately and effectively. We were specifically looking for evidence of:
- an appropriate, integrated, and well-functioning committee structure in place, which is aligned to key strategic priorities and risks, reflects relevant guidance, and helps discharge statutory requirements;
 - Board and committee agendas and work programmes covering all aspects of their respective Terms of Reference as well being shaped on an ongoing basis by the Board Assurance Framework; and
 - the Board and its committees regularly reviewing their effectiveness and using the findings to inform and support continuous improvement.
- 44 We found that **there is now a full Board committee structure in place, with each committee supported by a term of reference, cycle of business and a commitment to regularly review the committee effectiveness.**
- 45 As discussed in more detail within our Board Effectiveness Follow-up report 2024, Board and committee business was significantly disrupted by the events that took place early in 2023. The Health Board was placed in special measures and each of the Board's then independent members resigned. In the following weeks and

months, the Welsh Government directly appointed an Interim Chair and a small number of interim independent members. The reduced independent member capacity necessitated a temporary reduction in the number of committees between March 2023 and January 2024, as described in **Exhibit 2**. The Board continued to satisfactorily discharge core duties during this time, including ensuring coverage of the key duties of committees that had been stood down. However, there was an inevitable impact on the available time for discussion in meetings, including discussions on strategic planning as well as more specifically opportunities to hear staff stories.

- 46 There have since been several substantive independent member appointments, which has now enabled the full reinstatement of the Board’s committees. Each committee has an up-to-date terms of reference and cycle of business³ that align to the Health Board’s strategic priorities and key risks.

Exhibit 2: changes to committee structures and meetings during 2023

Committees that were stood down in February 2023	Committees that continued to meet during 2023	New/adapted committees established in January 2024
Partnerships, People and Population Health Committee	Audit Committee,	Planning, Population Health and Partnerships Committee
Mental Health and Capacity Compliance Committee	Performance, Finance and Information Governance Committee,	Mental Health Legislation Compliance and Capacity Committee
	Quality, Safety and Experience Committee,	People and Culture Committee
	Remuneration Committee	

³ The cycle of business is an annual calendar of core agenda items for a committee.

Committees that were stood down in February 2023	Committees that continued to meet during 2023	New/adapted committees established in January 2024
	Charitable Funds Committee ⁴	

- 47 Each committee chair provides a high-level summary of key decisions and matters considered during meetings to the Board. We understand that the Health Board intends to establish a committee chairs group to enable cross-referral of issues and inform meeting agenda setting.
- 48 The Board and its committees regularly reflect on the effectiveness of meetings and are planning to commence annual reviews of committee effectiveness early in 2024. Following the challenges and reshaping of the Board in 2023, the Health Board is in the process of developing a formal board development program to start early in 2024.

Board commitment to hearing from patients/service users and staff

- 49 We considered whether the Board promotes and demonstrates a commitment to hearing from patients/service users and staff. We were specifically looking for evidence of:
- the Board using a range of suitable approaches to hear from patients/service users and staff.
- 50 We found that **the Board’s arrangements for hearing directly from patients is improving, and it is planning to increase opportunities to hear directly from staff through service visits and hearing staff stories at People and Culture Committee meetings.**
- 51 The Board continues to receive patient stories at each meeting. During 2023, patient stories covered a range of services and included recordings of patients speaking about their experiences. The Health Board recently introduced its citizen experience report, which at the January 2024 Board meeting, generated good and open discussion on the quality of services from a patient’s perspective and was

⁴ The Charitable Funds Committee was temporarily stood down between February and July 2023

helpfully enhanced with feedback from Llais⁵. The Quality, Safety and Experience Committee continues to receive patient stories which are also summarised in its annual report and help to set the tone of its meetings. However, there has been an absence of staff stories at the Board and committee meetings over the last year. We understand that staff experience will be a regular feature of the People and Culture Committee following its establishment in January 2024.

- 52 Informal visits by Board members to a variety of service areas were held during much of 2023 to enable them to hear directly from patients and staff. However, the number of visits by each Board member varied due to differences in geography and capacity. However, by October 2023, the Health Board began to organise more formal service visits as part of the Board's development programme. It is adopting a targeted approach by linking the type and location of visits to current strategic risks and priorities. For example, prior to the Board's consideration of the Health Board's 2023-24 winter plan, the Board visited Ysbyty Gwynedd's Emergency Department and the Same Day Emergency Care facility to inform their understanding of key issues and barriers.

Corporate systems of assurance

- 53 We considered whether the Health Board has a sound corporate approach to managing risks, performance, and the quality and safety of services.
- 54 We found that **the Health Board has revised its risk and performance frameworks and is developing a new quality management system. However, more work is needed to properly embed these new arrangements, to further develop the Board Assurance Framework, strengthen the management of complaints and incidents and strengthen processes for tracking audit recommendations.**

Corporate approach to overseeing strategic and corporate risks

- 55 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising strategic risks. We were specifically looking for evidence of:
- an up-to-date and publicly available Board Assurance Framework (BAF) in place, which brings together all the relevant information on the risks to achieving the organisation's strategic priorities/objectives;
 - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks;

⁵ Llais is a national, independent body to give the people of Wales a stronger voice in health and social care services.

- an appropriate and up-to-date risk management framework in place, which is underpinned by clear policies, procedures, and roles and responsibilities;
- the Board providing effective oversight and scrutiny of the effectiveness of the risk management system; and
- the Board providing effective oversight and scrutiny of corporate risks.

56 We found that **the Health Board has made progress revising its BAF and risk management arrangements, but it needs clear strategic objectives to align strategic risks to, and a stronger focus on, the impact of actions it takes to mitigate risks.**

57 The Audit Committee approved the new BAF in November 2023. Given that the Health Board did not set strategic objectives in 2023-24, the BAF has been aligned to the 19 priorities set out in its 2023-24 Annual Plan. The Board recognises the clear need to set longer-term strategic objectives and intends to do so during 2024-25. When devising its new strategic objectives, the Board should also review its well-being objectives to ensure compliance with the Well-being of Future Generations Act 2015⁶, noting that the Health Board has not reviewed its well-being objectives since 2018. Our work also found scope to strengthen the BAF to better articulate some strategic risks, by ensuring controls and lines of assurance are robust and mitigating actions are designed to have impact. The Board should also ensure that the BAF becomes a live and embedded approach for providing assurances to the Board and its committees and a tool for shaping and informing meeting agendas.

58 The Board approved its updated Risk Management Framework in September 2023. The framework is supported by key policies and clear processes. However, we note that underpinning arrangements including risk management training are still in development. During 2023, the Health Board revised and rationalised its corporate risk register focussing on the key corporate risks which impact on the achievement of the Board's priorities and referencing the Special Measures work where relevant. This rationalisation should usefully provide more time for committees to focus on the highest scoring risks. The approach also incorporates the Board's recently agreed risk appetite which was the focus of a board development session during summer 2023.

59 The Audit Committee is appropriately overseeing the Health Board's BAF and risk management framework. The Board and its committees routinely discuss the BAF and risk registers in their meetings, but there remains a need to focus more on the

⁶ Public bodies subject to the well-being duty in the Well-being of Future Generations Act 2015, are required to review their well-being objectives annually as part of annual reporting duties. In addition, in July 2023, the Minister for Social Justice set out the requirement for organisations to review their well-being objectives as soon as possible after April 2024, following the introduction of the Social Partnership and Public Procurement (Wales) Act 2023 and the resulting change made to a national well-being goal.

impact that actions are having to address risks. If mitigating actions are not having the desired impact, there will be a need to change the Health Board's approach for managing the risk (**Appendix 2, R1 2022**).

Corporate approach to overseeing organisational performance

- 60 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising organisational performance. We were specifically looking for evidence of:
- an appropriate, comprehensive, and up-to-date performance management framework in place, underpinned by clear roles and responsibilities; and
 - the Board and committees providing effective oversight and scrutiny of organisational performance.
- 61 We found that **the Health Board is making improvements to its performance management framework and performance reporting, but there needs to be a greater focus on reporting the impact of actions the health board is taking to improve performance.**
- 62 The Board approved the new Integrated Performance Framework 2023-24 in September 2023. The framework outlines roles and responsibilities across the organisation and internal escalation arrangements. The Health Board has, however, recognised that the framework could be strengthened in some areas, including closer alignment to the Special Measures framework.
- 63 The Health Board has also revised its Integrated Performance Report (IPR), and its development was informed by engagement with executive groups and committees. The January 2024 IPR highlights several concerning performance trends and missed targets. These include ambulance handover times; Emergency Department waits, Referral to Treatment waits, and waits for some mental health and ophthalmology services.
- 64 Board members have recognised some improvement in the reporting of performance, including more succinct narrative focusing on key concerns and emerging risks, and greater use of analysis tools such as Statistical Process Control (SPC) charts. Our analysis continues to indicate a need to focus on summarising the action the Health Board is taking to improve performance and whether that action is achieving the desired outcomes (**Appendix 2, R2 2022**).

Corporate approach to overseeing the quality and safety of services

- 65 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the quality and safety of services. We were specifically looking for evidence of:

- corporate arrangements in place that set out how the organisation will deliver its requirements under the new Health and Social Care (Quality and Engagement) Act (2020);
- a framework (or similar) in place that supports effective quality governance;
- clear organisational structures and lines of accountability in place for clinical/quality governance; and
- the Board and relevant committees providing effective oversight and scrutiny of the quality and safety of services.

- 66 We found that **the Health Board is taking action to implement a quality management system, but has not provided assurance to the Board that the required arrangements under the Duties of Quality and Candour are in place or progressing. In addition, timeliness of responses to incidents and complaints remains a concern and the reason for the significant drop in complaints in the first half of 2023-24 needs to be explained.**
- 67 Disruption to Board and committee business during 2023 meant that the Board has not received assurance that the organisation has reviewed its corporate arrangements for delivering the requirements under the Health and Social Care (Quality and Engagement) Act (2020) (the Act). We are aware that the Health Board is progressing work on a Quality Management System in line with requirements set out in the Act, which should be in place by April 2024. The revised arrangements will include a new quality dashboard and a learning portal to capture and analyse incidents and complaints and share learning.
- 68 The Quality, Safety and Experience Committee's regular patient safety report sufficiently details incidents and never events, highlighting actions taken on areas of concern, such as healthcare acquired pressure ulcers. Health Board reporting indicates that it has a high number of overdue complaints and incident investigations which need progressing. There has also been a significant unexplained drop in the number of complaints received for the first six months of 2023-24 compared to 2022-23, which the Health Board is currently investigating; at the time of reporting this had not been highlighted to the Quality, Safety and Experience Committee (**Recommendation 3**).
- 69 The Quality, Safety and Experience Committee's regulatory and legal report covers work of regulators including Healthcare Inspectorate Wales, the Health and Safety Executive, the Coroner, and the Public Services Ombudsman for Wales (PSOW). The report provides the committee with a summary of work and briefly reassures the committee that actions are in place to address concerns and respond to requests from regulators. However, the information contained within the report is of a very high level. There are opportunities for the report to demonstrate more clearly how it is implementing learning from these incidents, as well as embedding those lessons across the organisation. It is positive that the Health Board has taken action to ensure the accuracy of its reporting figures for complaints from the PSOW (**Appendix 2, R3 2022**).

Corporate approach to tracking recommendations

- 70 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising systems for tracking progress to address audit and review recommendations and findings. We were specifically looking for evidence of:
- appropriate and effective systems in place for tracking responses to audit and other review recommendations and findings in a timely manner.
- 71 We found that **whilst there is regular oversight of the audit tracker by the Audit Committee, and steps are being taken to strengthen executive ownership of tracker updates, there is a need for clearer commentary on the impact of actions in response to recommendation and to strengthen recommendation monitoring in other committees.**
- 72 During 2023, the Health Board has seen new recommendations being added to the audit tracker at a faster pace than it has been able to close previous recommendations. In addition, we note that recommendations made in our 2023 reports have not been added to the tracker⁷
- 73 The Audit Committee continues to regularly receive the audit tracker and accompanying summary report (**Recommendation 4**). While the audit tracker now contains an improved level of detail on management's rationale for recommending the closure of actions, the narrative tends to focus on tasks completed. This means committee members are not receiving adequate assurance that actions taken to close existing recommendations have achieved the desired effect and resolved the issues identified in the original audit report (**Appendix 2, R5 2022**).
- 74 The Office of the Board Secretary currently spends a significant amount of time quality assuring information provided by directorate to update the tracker. Greater executive ownership of these updates is needed, and we understand that, future submissions to the Audit Committee will require sign-off from the Executive Team.
- 75 We also noted that the approach for monitoring progress of recommendations by other committees needs strengthening. Beyond the Audit Committee, committees do not receive regular recommendation tracking reports, nor do they always receive routine assurance on progress made to address regulator recommendations. The Health Board should introduce effective committee oversight for monitoring progress against recommendations made by external review bodies. This includes strengthening existing mechanisms, such as the regulatory and legal report discussed in **paragraph 69**. Oversight should include all relevant regulators and inspectors, including but not necessarily limited to Healthcare Inspectorate Wales, the Coroner, the Welsh Language Commissioner, the Health and Safety Executive, and the PSOW (**Recommendation 5**).

⁷ This includes recommendations made in our 2023 Structured Assessment and our 2023 follow-up report on Follow-Up Outpatient Services.

Corporate approach to planning

- 76 We considered whether the Health Board has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 77 We found that **the Health Board has a good understanding of its significant strategic risks and challenges, but it is struggling to meet service demand and its services are not currently financially sustainable. The Health Board needs a clearer and longer-term planning approach that appropriately considers service reconfiguration to sustainably meet current and future healthcare demand. There is also a need to focus reporting, monitoring and assurance of plan delivery of the success of achieving intended outcomes and impacts.**

Corporate approach to producing strategies and plans

- 78 We considered whether the Health Board has a sound corporate approach to producing, overseeing, and scrutinising the development of strategies and corporate plans. We were specifically looking for evidence of:
- a clear Board approved vision and long-term strategy in place which are future-focussed, rooted in population health, and informed by a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
 - an appropriate Board approved long-term clinical strategy;
 - appropriate and effective corporate arrangements in place for developing and producing the Integrated Medium Term Plan (IMTP), and other corporate plans; and
 - the Board appropriately scrutinising the IMTP and other corporate plans prior to their approval.
- 79 We found that **despite the challenges that the Health Board has faced in the last year, its planning approach has helped identify short-term improvement activity. However, it needs to give greater thought to the development of sustainable future focused service models and configurations and ensure that key stakeholders and the public are engaged in the process.**
- 80 The Health Board is five years into its Living Healthier, Staying Well Strategy 2018-28. Its improvement priorities cover a breadth of services within the Health Board's remit, including providing care closer to home, supporting mental health and well-being, and tackling health inequalities. Whilst the Health Board is now over half-way through the delivery of its strategy, performance in many areas is off target, there is a growing underlying financial deficit, and the longer-term outlook may see healthcare demand growing further⁸.

⁸ Analysis of Health Board demand over the last decade shows growing levels of referrals and emergency department attendances, which now clearly exceed pre-pandemic levels.

- 81 Alongside the Living Healthier, Staying Well Strategy, the Health Board's 2022 clinical strategy, demonstrates a good understanding of the strategic opportunities and challenges that the organisation faces. While the clinical strategy provides logical high-level aims, it does not sufficiently set out the configuration of financially and clinically sustainable service models. Consequently, the enabling corporate strategies and plans for estate, digital and people, while reasonably focussed on addressing some key short-term challenges, are not sufficiently future focused to support the implementation of new, more sustainable care models. Last year we recommended that the Health Board needed to develop clinical strategy delivery plans to help provide the necessary clarity on service configuration. We understand that action in response to that recommendation is still in progress (**Appendix 2, R7 2022**).
- 82 Reconfiguring services to ensure they sustainably meet current and future population healthcare needs is likely to require some difficult decisions on the future shape and location of services. As such, the Health Board will need to effectively engage its key stakeholders, patients, and the public (**Recommendation 6**). As discussed in **paragraph 57**, the Health Board is required to review its well-being objectives during 2024-25 in accordance with the sustainable development principle. This provides the opportunity to align well-being objective setting to organisational objectives and also ongoing strategy development.
- 83 The 2023-24 Annual Plan has provided some clarity on current improvement programmes and initiatives, but there is a need to become more strategic and balance short and longer-term aspirations. The Health Board's short-term approach to planning in recent years, in lieu of an approvable integrated medium-term plan, has not sufficiently enabled the level of transformation or sustainable solutions needed as highlighted above.
- 84 In its July 2023 meeting, the Board approved the 2023-24 Annual Plan, following scrutiny at its previous meeting. Historically, the Health Board has demonstrated a good track record of committee-level scrutiny on annual plan development. Understandably this stopped when the Partnerships, People and Population Health Committee was stood down early in 2023. Nevertheless, the Board was able to adequately consider the annual plan before its approval.

Corporate approach to overseeing the delivery of strategies and plans

- 85 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the implementation and delivery of corporate plans. We were specifically looking for evidence of:

- corporate plans, including the IMTP, containing clear strategic priorities/objectives and SMART⁹ milestones, targets, and outcomes that aid monitoring and reporting; and
- the Board appropriately monitoring the implementation and delivery of corporate plans, including the IMTP.

86 We found that **temporary changes to the Board’s committee structure during 2023 reduced its ability to scrutinise the delivery of strategies and plans. Whilst the reinstatement of a full committee structure in early 2024 will rectify that, there is still a need to improve monitoring of the intended impact, outcomes and business benefits from the Health Board’s strategies and plans.**

87 The Health Board’s plans often contain reasonable high-level objectives and actions that set out a broad intent and are linked to its strategic risks and opportunities for improvement. In general, the Health Board’s plans are sufficiently timebound and clearly identify senior responsible officers. However, they rarely set out sufficiently measurable outcomes that would allow the Health Board to report and assess the outcome achieved and impact as a result of delivering the objectives and actions.

88 During 2022 and into early 2023, the Board maintained good oversight and scrutiny of the progress to deliver key strategic plans at its Partnerships, People and Population Health Committee. This included the Living Healthier, Staying Well Strategy 2018-28, the Clinical Strategy, Mental Health Strategy, Learning Disability Strategy, and People Strategy as well as scrutinising the delivery of annual plans. The Board has continued to oversee annual plan delivery progress, but since the Partnerships, People and Population Health Committee stood down in February 2023, the scrutiny of the implementation of other strategies and plans has substantially reduced. The reintroduction of the Committee in January 2024 provides the opportunity to strengthen the scrutiny of plan development, delivery and success in achieving intended outcomes and impact.

Corporate approach to managing financial resources

89 We considered whether the Health Board has a sound corporate approach to managing its financial resources.

90 We found that **despite meeting the statutory duty to spend within allocation for the period 2020-23, the Health Board is facing a significant underlying financial deficit. There is a clear need for a robust financial strategy linked to sustainable and good quality clinical service models.**

⁹ Specific, measurable, achievable, relevant, and time-bound.

Financial objectives

- 91 We considered whether the Health Board has a sound corporate approach to meeting its key financial objectives. We were specifically looking for evidence of:
- the organisation meeting its financial objectives and duties for 2022-23, and the rolling three-year period of 2020-21 to 2022-23; and
 - the organisation being on course to meet its objectives and duties in 2023-24.
- 92 We found that **with the support of substantial additional Welsh Government financial assistance, the Health Board met its duty to spend within allocation over the three-year rolling period 2020-23. However, the overall financial position continues to present a significant risk and the Health Board is projecting that it will not achieve the year-end position expected by the Welsh Government**
- 93 The Health Board has experienced longstanding financial challenges. In November 2020, as part of the Welsh Government’s announcement to de-escalate the Health Board to ‘targeted intervention’¹⁰, the Health Board received an additional financial allocation worth £297 million. The additional allocation was split over the three-and-a-half-year period from October 2020 to April 2024. With this additional funding, alongside other in-year allocations and its savings delivery¹¹, the Health Board met its duty to spend within its funding allocation over the three-year period 2020-23. In respect of the financial year 2022-23, the Health Board met its duty to manage its spending within its £1.993 billion allocation¹², supported by additional financial assistance.
- 94 As in previous years, the Health Board did not meet its statutory duty to prepare a financially balanced three-year financial plan for 2023-2026. Instead, it developed an annual plan for 2023-24, which set out a predicted financial year-end deficit of £134 million. During 2023-24, the Welsh Government provided additional financial support to all health boards to help alleviate pressures from COVID legacy costs and inflation, including energy costs. This resulted in the Health Board receiving £101.5 million from the Welsh Government. This came with a conditional requirement to reduce the deficit within its annual plan by a 10% (equating to a need to work towards a ‘control total’ deficit of £20 million at the end March 2024). In addition to the £101.5 million, the Health Board has received £34 million performance improvement funding and final year’s £82 million funding from the £297 million targeted intervention allocation. In total, as of December 2023, the Health Board has received an additional £217.5 million for the financial year 2023-24. Despite this, the Health Board continues to report a forecast year-end deficit of

¹⁰ [Betsi Cadwaladr University Health Board taken out of special measures](#)

¹¹ The Health Board achieved £18.4 million savings in 2020-21, £19.2 million savings in 2021-22 and £31.2 million savings in 2022-23.

¹² The Health Board underspent against its allocation by £0.389 million in 2022-23.

£33 million. The Health Board's substantial reliance on additional non-recurring annual funding clearly demonstrates the scale of the challenge in bringing the Health Board to a balanced financial position.

Corporate approach to financial planning

- 95 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial planning. We were specifically looking for evidence of:
- clear and robust corporate financial planning arrangements in place;
 - the Board appropriately scrutinising financial plans prior to their approval;
 - sustainable, realistic, and accurately costed savings and cost improvement plans in place which are designed to support financial sustainability and service transformation; and
 - the Board appropriately scrutinising savings and cost improvement plans prior to their approval.
- 96 We found that **the Health Board's approach for financial planning is driving a transactional approach to financial management and while delivering some in-year savings, this is not significantly addressing the Health Board's underlying deficit. There is a clear need for a financial strategy to underpin medium to long-term planning that fully considers growth in healthcare demand and supports financially sustainable clinical service models, whilst also reducing the underlying deficit.**
- 97 The approach for financial planning for 2023-24 was significantly affected by senior finance staff absence following the investigation into irregularities in the 2021-22 accounts¹³ and the need to secure interim leadership arrangements for the Finance Team. This resulted in the financial management team preparing a limited briefing which outlined anticipated cost pressures for review by the Performance, Finance and Information Governance committee in January 2023. Following this, the Board, at its first meeting with the new interim Board members, received only a high-level outline 2023-24 financial budget which it approved in March 2023. This was understandably a difficult period both for the financial management team and the recently appointed interim board members. The Board received and agreed the final financial plan as part of the 2023-24 Annual Plan in July 2023.
- 98 When considering the full 2023-24 Annual Plan, it is not clear whether the Health Board's improvement initiatives and aims set out in the plan are financially affordable. This suggests a need for a more integrated approach to financial planning. While the 2023-24 Annual Plan provides reasonable information on

¹³ Audit Wales, [Auditor General qualifies his audit opinions on Betsi Cadwaladr University Health Board's 2021-22 Accounts, 2022](#)

spending, financial pressures and risks, it is clear that there is a need for a financial strategy to help enable financially sustainable services (**Recommendation 7**).

- 99 In March 2023, the Health Board set out a requirement to achieve £38.7 million savings (inclusive of a £7 million stretch target) in 2023-24. By May 2023, the Health Board had revised this target down to £30.9 million (inclusive of a £5.7 million stretch target). The Health Board was initially slow to identify sufficient saving schemes but had made reasonable progress by December 2023. At this time, it had identified £25.6 million deliverable 'green' savings¹⁴ against the £30.9 million target. Having developed the saving schemes, the Health Board made slow progress to deliver them, having achieved only £12.8 million by October 2023. However, by December 2023, delivery of financial savings had improved to £17.5 million.
- 100 The Board and the Performance, Finance and Information Governance Committee both appropriately oversee and challenge the delivery of savings plans, although there is clearly a need for earlier sight of the development of savings plans. The Auditor General will be commenting further on the Health Board's approach to identifying, delivering, and monitoring financial savings in a separate piece of work that we will report in the early part of 2024.

Corporate approach to financial management

- 101 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial management. We were specifically looking for evidence of:
- effective controls in place that ensure compliance with Standing Financial Instructions and Schemes of Reservation and Delegation;
 - the Board maintaining appropriate oversight of arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud;
 - effective financial management arrangements in place which enable the Board to understand cost drivers and how they impact on the delivery of strategic objectives; and
 - the organisation's financial statements for 2022-23 were submitted on time, contained no material misstatements, and received a clean audit opinion.
- 102 We found that **there are reasonable corporate approaches for scrutinising routine financial management arrangements and issues. However, the Health Board needs to appropriately assure itself that the financial controls improvements identified in previous audits and independent reports are effectively and fully addressed.**

¹⁴ The Health Board assesses its proposed savings as 'Red, Amber or Green'. Those identified as green are considered deliverable within the financial year.

- 103 The Health Board has reasonable processes in place to ensure compliance with statutory instructions, and to report and challenge breaches. As set out in **paragraph 40**, the Standing Financial Instructions and Schemes of Delegation have been reviewed by Audit Committee and approved by the Board. The Health Board adopted the model Welsh Government Standing Financial Instructions with some minor tailoring to make them specific to the Health Board. The number of single tender waivers¹⁵ have started to reduce as a result of stronger management oversight and control (**Appendix 2, R10 2022**). The Audit Committee routinely reviews and scrutinises losses and special payments, breaches of standing orders, counter-fraud activities, and the management of overpayments.
- 104 The Health Board is responding to the issues identified in our audits of the 2021-22 and 2022-23 accounts, as well as those identified in the EY review. However, progress to address these issues has been slower than intended. The Health Board prepared a financial control action plan, which covered some but not all of the EY recommendations. This was reported to the Audit Committee in May 2023, but is no longer reported to the Audit or Performance, Finance and Information Governance committees, and, as of May 2023, the actions were not fully completed (**Recommendation 8**).

Board oversight of financial performance

- 105 We considered whether the Board appropriately oversees and scrutinises financial performance. We were specifically looking for evidence of:
- the Board receiving accurate, transparent, and timely reports on financial performance, as well as the key financial challenges, risks, and mitigating actions; and
 - the Board appropriately scrutinising the ongoing assessments of the organisation's financial position.
- 106 We found that **the Health Board continues to have good arrangements for monitoring and scrutinising its in-year financial position. However, it needs to strengthen assurance reporting on the extent that actions it is taking to support financially sustainable services are making a difference.**
- 107 As set out in our 2022 structured assessment, there are regular financial reports to the Performance, Finance and Information Governance Committee and the Board. Reports are generally timely and transparent, providing good analysis on areas of spending, overspending and financial expenditure trends. The reports set out the short-term financial challenges and identify where there are specific financial concerns. Notwithstanding the challenges the Health Board is facing in delivering its savings plans, the separate report on financial savings provides good analysis

¹⁵ A single tender waiver is used to allow procurements without a full tendering process and competition.

of progress identifying and delivering savings schemes, the proportion of cash releasing schemes, and the extent that schemes are generating recurring savings.

- 108 The Health Board has a good understanding of the financial challenges set out within financial assurance reports. However, there is limited narrative on the mitigating actions, beyond the need to identify additional savings or strengthen accountability. The reports do not enable the reader to fully understand whether action taken to improve finances has been successful, nor the extent that the Health Board's approach to service transformation is helping to, or likely to put the organisation on a more sustainable financial footing. The Board and the Performance, Finance and Information Governance Committee have open and frank discussions on financial performance and are keenly aware that the Health Board's approach to financial planning is not sustainable.

Appendix 1

Audit methods

Exhibit 3 below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from the methods below

Element of audit approach	Description
Observations	We observed board meetings as well as meetings of the following committees: <ul style="list-style-type: none"><li data-bbox="636 786 1608 813">• Board meeting: 28 September 2023; 30 November 2023; and 25 January 2024<li data-bbox="636 826 1397 853">• Quality, Safety and Experience Committee: 27 October 2023<li data-bbox="636 866 1917 893">• Performance, Finance and Information Governance Committee: 2 November 2023; and 22 January 2024<li data-bbox="636 906 1384 933">• Audit Committee: 16 November 2023; and 12 January 2024

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 Interest, 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"> • Chief Executive Officer; • Chair; • Board Secretary; • Chair of Audit Committee; • Chair of Quality, Safety and Experience Committee; • Chair of Performance, Finance and Information Governance Committee; • Deputy Director of Quality; • Head of Risk Management; • Executive Director of Nursing and Midwifery; • Executive Director Transformation, Strategic Planning, and Commissioning; and • Interim Executive Director of Finance.

Appendix 2

Progress made on previous recommendations

Exhibit 4 below sets out the progress made by the Heath Board in implementing recommendations from previous structured assessment reports

Recommendation from 2022	Description of progress
<p><u>2021 Structured Assessment</u></p> <p>Financial reporting</p> <p>R1 Ensure improved focus on financial efficiency of services within finance reports. This could be achieved through periodic or thematic deep dives on financial efficiency, reporting on value-based healthcare progress, or as part of routine financial reporting.</p> <p>Planned completion date contained within original management response: 28 February 2022.</p>	<p>We will comment on progress for this recommendation as part of our review of our cost savings review, which we will publish later in 2024.</p>

Recommendation from 2022	Description of progress
<p>Review and where needed, strengthen risk mitigating actions</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>Planned completion date contained within original management response: 28 September 2023.</p>	<p>In progress. The Health Board has reviewed and revised its Board Assurance Framework (BAF) and Corporate Risk Register (CRR), which the Audit Committee approved in November 2023. These assurance tools remain at an early stage of implementation. As such, it is too early to determine whether the changes are helping to drive improvements in the management and assurance to support the scrutiny of operational and strategic risks. There remains a need to focus more on the impact that actions to address risks are having.</p>
<p>Review of performance management assurance reporting</p> <p>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.</p> <p>Planned completion date contained within original management response: 31 July 2023 with continued review.</p>	<p>In progress. The Health Board has revised its Integrated Performance Report (IPR) which was approved by the Board in November 2023. Members of the Board have recognised that the new reports demonstrate progress with more succinct narrative focussing on key concerns and emerging risks, as well as greater use of and training for analysis tools such as Statistical Process Control (SPC) charts. Our analysis shows that there remains scope to increase the report’s narrative on the impact of mitigating actions.</p>

Recommendation from 2022	Description of progress
<p data-bbox="219 453 1093 517">Ensure accuracy of reporting Public Services Ombudsman for Wales figures</p> <p data-bbox="219 531 1171 767">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 data-bbox="219 826 1093 890">Planned completion date contained within original management response: Completed at time of reporting (August 2023)</p>	<p data-bbox="1234 448 1973 539">Complete. The Health Board instigated monthly meetings with the office of the Public Services Ombudsman for Wales to validate data to ensure accurate annual reporting.</p>

Recommendation from 2022	Description of progress
<p>Review Health Board policies</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>Planned completion date contained within original management response: September 2023</p>	<p>In progress. The revised policy on policies has been discussed by operational groups and the Audit Committee along with a proposed plan for addressing the Health Board's backlog of policies. The Health Board anticipates that it may take 18 months to complete.</p>
<p>Review audit recommendation tracker</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>Planned completion date contained within original management response: September 2023</p>	<p>In progress. The Health Board has revised the format of its audit tracker since last year. There is an improved level of detail in relation to actions which are recommended for closure. However, the information is more focussed on actions taken rather than reporting if the original recommendation has been addressed. This can sometimes lead to false assurance that the recommendation is complete.</p>

Recommendation from 2022	Description of progress
<p>Implementation of the new operating model</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>Planned completion date contained within original management response: Continued review required.</p>	<p>In progress. The Health Board has recruited substantively to several senior posts, reducing its reliance on interim roles. The Health Board intends to reflect on the implementation of the operating model during 2024.</p>
<p>Develop a supporting clinical delivery plan</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>Planned completion date contained within original management response: Quarter 4 2023-24</p>	<p>In progress. The Health Board will be taking stock of strategic commitments as part of the revised approach to planning. Given service pressures and related performance, potential for growth in demand in the medium to long term, and the underlying financial deficit, there remains a clear need for the Health Board to prepare financially sustainable clinical strategy delivery plans that set out new configurations of services.</p>

Recommendation from 2022	Description of progress
<p data-bbox="219 453 992 483">Reporting on the impact of value-based healthcare initiatives</p> <p data-bbox="219 496 1173 630">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 data-bbox="219 687 1093 748">Planned completion date contained within original management response: December 2023 with continued review</p>	<p data-bbox="1232 448 1966 636">In progress. The Health Board indicates that its approach will be considered as part of its Planning Framework. Specific projects including on Lymphoedema and Cellulitis and Patient Reported Outcome Measures led follow up arthroplasty are underway. There remains a need to assess and report on the impact and outcomes of the initiatives.</p>

Recommendation from 2022	Description of progress
<p>Urgently implement financial recovery approaches to strengthen the financial position</p> <p>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:</p> <ul style="list-style-type: none"> • 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 (ie where services are not demonstrating sufficient patient impact and outcomes); • introduce stronger reporting and oversight of the medium-term financial position, financial strategy and recovery approaches; and • target digital investments on areas of clear business benefits, ie where digital can be used to release service efficiency and/or quality gains elsewhere. <p>Planned completion date contained within original management response: Completed at time of reporting (August 2023)</p>	<p>In progress. From a slow start, the Health Board improved the identification and delivery of saving schemes for 2023-24. Although forecast to meet the revised lower target of £25.2 million, these fall short of the original savings target identified at the beginning of the year.</p> <p>There remains a need for a stronger focus on financial strategy which links to options for estates and service disinvestment in instances where value and efficiency are not demonstrated. The Health Board has improving transparency of financial reporting, but there needs to be a stronger focus on the medium-term financial position linked to financial strategy and recovery approaches.</p> <p>Limited capital is affecting investment in digital and there continues to be a need to target digital investments where this would release service efficiency gains and transformation.</p>

Recommendation from 2022	Description of progress
<p>Introduce stronger financial planning and control to reduce reliance on single tender waivers</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>Planned completion date contained within original management response: Completed at time of reporting (August 2023)</p>	<p>Complete. The Health Board has strengthened single tender waiver controls, which has reduced the overall extent of their use and associated expenditure committed to through waivers.</p>
<p>Ensure effectiveness of staff well-being services</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>Planned completion date contained within original management response: Quarter 2023-24</p>	<p>We will review the progress against this recommendation later in 2024 as part of our next structured assessment review.</p>

Recommendation from 2022	Description of progress
<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>In progress. The Health Board has indicated that it will seek to address the recommendation through the implementation of the new Planning Framework and Integrated Performance Framework.</p>

Appendix 3

Organisational response to audit recommendations

Exhibit 5: Betsi Cadwaladr University Health Board response to our audit recommendations

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R1	Currently, there is confusion about how many days in advance of meetings papers for Board and committee papers should be made publicly available. The Health Board should agree and communicate a consistent target date for publishing agendas ahead of Board and committee meetings.	<p>Agreed.</p> <p>The Health Board has confirmed the standard target date of Board and Committee papers will be seven days' notice in advance of meetings.</p> <p>The Director of Corporate Governance will communicate this timescale to all Board and Executive Team Members to ensure there is no confusion of timescales.</p>	End April 2024	Director of Corporate Governance

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R2	The Health Board should introduce arrangements to ensure the public have timelier access to records of committee meetings as part of its wider efforts to enhance transparency of Board business.	Agreed. The Director of Corporate Governance will review the current process and the Standing Operating Procedure for Board and Committee meeting and agree this with the Board.	31 May 2024	Director of Corporate Governance
R3	There has been a significant unexplained drop in the number of complaints received for the first six months of 2023-24 compared to the previous year. The Health Board should urgently work to discover the reason to ensure complaints are not being missed or mis-reported.	Agreed. The Executive Director of Nursing and Midwifery with the Director of Digital, Data and Technology will lead work to check the data quality. That information is still being received and no specific reason for this drop has been confirmed. The Health Board has also committed to the development of a Quality	30 June 2024	Executive Director of Nursing and Midwifery

Ref	Recommendation	Organisational response	Completion date	Responsible officer
		<p>Management System that will enable learning from complaints/feedback to be fully understood and reflected in the Health Board's quality planning process. A draft of the Quality Management System will be considered by an informal Executive Team meeting by the end of May 2024.</p>		
R4	<p>Our work identified that not all Audit Wales recommendations made in 2023 were added to the audit tracker. The Health Board should ensure there is a process to add all recommendations made by Audit Wales to the audit tracker in a timely fashion.</p>	<p>Agreed. A process has been agreed with the Executive Team and Chair of the Audit Committee which includes Audit recommendations being received at Executive Team Meetings (bi-monthly) prior to risks being received for formal closure at Audit Committee. This process will allow for Executive</p>	31 May 2024	Director of Corporate Governance

Ref	Recommendation	Organisational response	Completion date	Responsible officer
		<p>Team to check that Audit Wales recommendations are added to the audit trackers in a timely fashion before updates are received at the Audit Committee for assurance. This allows Audit Wales colleagues (who attend Audit Committee) to check compliance with this process.</p> <p>Whilst this process has been agreed and has commenced a further cycle of it needs to have taken place before this recommendation can be evidenced as being effective and complete.</p>		
R5	Currently, there is insufficient committee oversight to monitor progress made against	<p>Agreed.</p> <p>A recent review of all of the Board Committee cycle of business</p>	31 July 2024	Director of Corporate Governance

Ref	Recommendation	Organisational response	Completion date	Responsible officer
	<p>recommendations made by non-audit bodies. The Health Board should introduce effective committee oversight for monitoring progress made against recommendations of regulators, including, but not limited to, Healthcare Inspectorate Wales, the Coroner, the Welsh Language Commissioner, the Health and Safety Executive, and the Public Services Ombudsman for Wales.</p>	<p>(received at the Board in January 2024) has made some provision for recommendations received by non-audit bodies. This includes QSE Committee and a People and Culture Committee.</p> <p>The Director of Corporate Governance will put in place a process and system to ensure that recommendations by other bodies are co-ordinate and have appropriate oversight at Committee and where appropriate Board level.</p> <p>The Health Board has also committed to the development of a Quality Management System that will enable learning from regulatory reports to be fully understood and reflected in the</p>		<p>Executive Medical Director and Executive Director of Nursing and Midwifery</p>

Ref	Recommendation	Organisational response	Completion date	Responsible officer
		<p>Health Board's quality planning process. A draft of the Quality Management System will be considered by an informal Executive Team meeting by the end of May 2024.</p>		
R6	<p>More needs to be done to reconfigure services to ensure they sustainably meet current and future population healthcare needs. To accompany its clinical strategy, the Health Board should undertake key stakeholder engagement plan to help it shape sustainable service models designed to meet current and future demand.</p>	<p>Agreed.</p> <p>The Health Board recognises the importance of this recommendation. As part of the priority actions for 2024-25, as laid out in the Three Year Plan, the Health Board has planned significant actions that together progress this recommendation.</p> <p>The following actions will be taken forward:</p>	End of Quarter 1, 2024-25	<p>Executive Director of Transformation, Strategic Planning and Commissioning with support from Executive Director of Population Health and Director of</p>

Ref	Recommendation	Organisational response	Completion date	Responsible officer
		<p>During 2024-25 the Health Board will commence the development of a new Health Board strategy and Clinical Services plan. To support this, priorities are already identified to maximise the effect of the stakeholder engagement being planned to support this. These specific priority areas include general work to improve the Health Board's approach to citizen engagement, being a Good Partner, engaging with the national Value and Sustainability Board to incorporate learning from other organisations within NHS Wales, and engaging with clinicians within and outside of the Health Board.</p>		Partnerships, Engagement and Communications

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R7	<p>It is difficult to see the extent to which the Health Board's improvement initiatives and aims set out in the 2023-24 Annual Plan were financially affordable. The Health Board should develop a financial strategy, supported by a medium-term financial plan with the aim of supporting good quality and sustainable service models and reducing the Health Board's deficit and underlying deficit.</p>	<p>Agreed.</p> <p>The Board approved the financial plan in May 2023 with the Annual Plan approved at the end of June 2023 following agreement with the Welsh Government.</p> <p>The Health Board developed revised plans in year with the expressed intention of balancing improvements in quality and performance within an affordable financial envelope. The focus from close of the 2023-24 financial year and moving into 2024-25 and beyond has been to endorse a value and sustainability approach to delivery of improvements for staff, patients and visitors that will also result in a sustainable financial for future health care.</p>	End of July 2024	Executive Director of Finance

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R8	Ensure that the Audit Committee receives assurance on the progress that the Health Board is making to address the complete range of issues identified in the Audit Wales 2021-22 and 2022-23 audit of accounts, and the subsequent EY review has been slower than intended.	Agreed. Progress reports will be scheduled as part of the Audit Committee Programme of work.	End of August 2024	Executive Director of Finance



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