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Contents

Summary report

About this report 4

Key messages 5

Detailed report

Governance arrangements 6

Managing financial resources 11

Operational planning 19

Summary report

About this report

1. This report sets out the findings from the Auditor General's 2020 structured assessment work at Swansea Bay University 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. This year's Structured Assessment work took place at a time when NHS bodies were responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. On 13 March 2020, the Minister for Health, Social Services and Sport issued a framework of actions to help prepare the system for the expected surge in COVID-19 cases. The framework included the cessation of non-urgent planned activity and the relaxation of targets and monitoring arrangements across the health and care system. Emergency funding arrangements were also introduced to facilitate the wide range of actions needed to respond urgently to the COVID-19 pandemic.
3. Shorter planning cycles were agreed for 2020-21 and supported by quarterly guidance setting out key considerations for the planning of the next phase of the pandemic, for maintaining delivery of essential services, and a movement towards the gradual reinstatement of routine services.
4. Our work[1] was designed in the context of the ongoing response to the pandemic to ensure a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic. The key focus of the work is on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors also paid attention to progress made to address previous recommendations[2] where these related to important aspects of governance and financial management especially in the current circumstances.
5. The report groups our findings under three themes:
   - governance arrangements;
   - managing financial resources; and
   - operational planning: to support the continued response to the pandemic balanced against the provision of other essential services.

[1] The conduct of our work was co-ordinated with Internal Audit's rapid governance review, which includes further testing of key controls noted in this this report.

[2] Previous structured assessment recommendations can be found in our 2019 report. The Health Board's management response to our 2019 recommendations can be found here.

Key messages

6 We found that the Health Board maintained good governance during the pandemic. Rapid development of data modelling informed agile decision making and planning for the restart of services. The organisation sustained focus on its performance and financial position with continuing improvements made for greater grip and control. These improvements have not yet secured the necessary performance improvement and the full impact of COVID-19 is not yet known. The Health Board has not lost sight of its clinical services plan or ambitions for transformation. A reset and recovery programme is taking the learning from innovations during the pandemic to inform the organisation's future operating model.

7 Overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the COVID-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.

8 The Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of COVID-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing COVID-19 costs will likely lead to a bigger deficit without extra funding. Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to break even in three years will need recasting in the light of COVID-19 and the smaller cost base from which to make savings following the Bridgend boundary change.

9 Operational planning is informed by data modelling with arrangements to monitor progress and performance and a clear commitment to stakeholder engagement and regional working. Operational plans support the restart of services and recognise clinical service plan priorities. The Health Board reshaped performance reporting and is developing a new performance management framework based on the four quadrants of harm. The Health Board is supporting staff wellbeing and rose to workforce challenges, although in the event of another COVID-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed

10 We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work.

Detailed report

Governance arrangements

11 Our structured assessment work considered the Health Board's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic.

12 We found that: **The Health Board maintained overall good governance while working with revised frameworks to discharge Board responsibilities during the COVID-19 response**.

Conducting business effectively

The Board adapted its governance arrangements to maintain transparency, support agile decision-making and ensure effective scrutiny and leadership during the pandemic response

The Board has taken steps to conduct business in an open and transparent way

13 Due to the COVID-19 pandemic, the Board has been unable to hold meetings in public but quickly moved to virtual meetings. Members of the public have been able to submit questions in advance of meetings, and the Board has provided a timely account of its meetings on social media platforms ahead of publishing the notes on its website. Board and committee papers/minutes have continued to be published on the website as usual.

14 Virtual meeting etiquette has been considered, with software functions used by Board Members to raise questions during Board and committee meetings. The Community Health Council continues to contribute at Board meetings. There have been a few minor IT connectivity issues, but these have not significantly hampered the conduct of meetings, and members rate IT support as excellent. The Board recorded its June meeting and live streamed in July using its YouTube TV channel. This reflects the Board's focus on public transparency, although public notice could be clearer and timelier.

Revised governance arrangements have supported rapid decision making and effective scrutiny

15 The Health Board implemented its major incident plan and established a robust command and control structure by March 2020. Led by the Director of Public Health, Gold command meets regularly with daily meetings held at the height of the COVID-19 peak. A clear programme and supporting infrastructure (including silver (cross Health Board) and bronze (delivery unit) response cells and a COVID-19 Command Centre (CCC) underpinned the Pandemic Emergency Response arrangements. A live predictive data modelling tool was rapidly developed in-house

to inform decision making. The tool, accessible to all Board members, provides a live status and projections against a range of indicators including capacity; demand; COVID-19 infection rates; workforce; and essential drugs and equipment requirements/availability. In addition to daily situation reporting (SITREP), Gold Command reported formally to the Board each month.

16 The Board fully considered Welsh Government guidance on discharging Board committee responsibilities during COVID-19. In April, the Board approved revised arrangements to support agile decision making and reduce unnecessary bureaucracy without compromising governance. Facilitated by temporary variation to parts of the Standing Orders, changes included:

- streamlining Board and committee agendas and Board meetings increased to monthly;
- revision of committees with bi-monthly Audit and Quality & Safety (Q&S) Committee meetings[3] with other committees stood down temporarily and finance, performance, and workforce reported directly to Board;
- agreeing working principles, including daily Chair/Chief Executive Officer (CEO) contact, weekly Independent Member (IM) briefings, Vice-chair contacts with Primary Care and Mental Health operational leads and a range of CEO/Chair communications with staff, Assembly Members, Local Authority Leaders and CEOs, and Community Health Council (CHC) leads;
- detailing the process for the actions of the Chair on urgent matters; and
- making provision for the approval of any necessary HR policy variations.

17 Shorter Board and committee meetings have been fully attended and focussed on business-critical matters supported by simplified agendas/papers. Information to support decisions and provide assurance on quality, finance and performance has been sufficiently timely with pre-COVID action log items and other business deferred until a more appropriate time documented. In addition to IM briefings, all committee chairs met regularly with lead executives. Our work found consistent board member understanding of the revised arrangements. We also observed effective scrutiny and challenge at Board and committee meetings.

18 There has been limited use of the actions of the Chair but, where taken, there is a decision log, evidence of IM scrutiny and subsequent ratification by Board. Decision logs have also been maintained for COVID-19-related expenditure (discussed later) and the Health Board's Library Service has maintained a log of Welsh Government COVID-19 guidance.

[3] Due to business volume Quality & Safety Committee resumed monthly meetings and an additional Audit Committee meeting supported final accounts scrutiny.

The Board has maintained oversight of its governance arrangements with a focus on learning and improvement

19 The revised governance arrangements have been kept under review by the Chair, Chief Executive and Director of Corporate Governance. The Health and Safety (H&S) Committee recommenced meetings in May to oversee important H&S matters and issues pertaining to COVID-19. In June, the Board approved the reinstatement of the other committees stood down. Committee workplans are currently being reviewed and deferred action log items rescheduled.

20 The Board assessed and confirmed its compliance with HM Treasury Corporate Governance in Central Departments; Code of Good Practice during 2019-20, as required in the organisation's Accountability Report to the Welsh Government.

21 An archivist is being employed to record all Gold Command decision making for future reference. Additionally, the record could inform future emergency resilience planning.

22 The Board reflected on new ways of working during the pandemic and established a reset and recovery programme to identify which innovations and practices to retain going into recovery and beyond (discussed in part 3). The Board has also indicated its intent to:

- retain virtual working, focussed agendas and regular IM briefings; and
- build on enhanced partnership working fostered through the pandemic.

A stable and resilient Board has led the organisation during the COVID-19 response but there are significant changes to executive membership pending

23 During our fieldwork we have observed a cohesive Board and were told about the supportive approach of IMs, who recognised the significant pressures faced by officers. Whilst not enacted, first and second deputies were assigned in the scheme of delegation to ensure resilience and business continuity. The executive team drove whole system organisational response with IMs kept fully briefed on the situation, issues and risks through the mechanisms outlined above.

24 As the organisation moves into the reset and recovery phase of the pandemic, three executive directors will retire between July and December 2020, while the Director of Finance is an interim appointment since February. The Health Board is taking a risk-based approach to maintain continuity and avoid any hiatus in executive leadership. Recruitment for a new CEO is proceeding with appointment anticipated in early October. Recruitment of a substantive Director of Finance is also progressing, with interim appointments for the executive nursing and workforce director posts. The Health Board is also looking to appoint a Deputy Director of Public Health for greater future resilience in respect of population health.

Systems of assurance

Systems of assurance essential during the COVID-19 response have been maintained with a strong focus on risk management

The Health Board effectively adapted its risk management system to manage a new stream of COVID-19 related risks

25 The Health Board completed significant work on risk management in 2019 resulting in an updated Health Board Risk Register (HBRR) and revised Risk Management Policy. While Internal Audit highlighted aspects of operational implementation that could be strengthened (January 2020), the corporate work has positioned the Health Board well. In April 2020, the Board reviewed the HBRR and increased its risk appetite from 16 to 20 in light of the pandemic. The arrangements for reporting and managing COVID-19 related risks through the emergency response command structures were also approved by Board.

26 Formal RAID logs (Risks, Actions, Issues and Decisions) were maintained for each Silver Command and cells within the command structure with daily risk reporting to the COVID-19 co-ordination centre (CCC). Delivery Units also maintained risk logs for their areas providing situation reporting (SITREPs) to Gold Command for triangulation of risks with a system wide impact. The CCC maintained a master log of risks and escalated those risks reported through daily RAID logs to Gold Command. Gold Command reviewed the register of COVID-19 risks rated at 20 or above at each meeting.

27 The risk management arrangements for non-COVID-19 risks continued as set out in the Risk Management Policy. All organisational risks are assigned a lead executive with the risk also assigned to either the Board or a specified oversight committee. During the pandemic, COVID-19 risks were reported at each Board meeting and the HBRR received scrutiny at Board or a committee. All COVID-19 risks are linked back to a COVID-19 HBRR entry in the Datix risk module. High-scoring risks include the potential inability to secure sufficient equipment (including PPE), workforce, medicines, and capacity. New risks added to the HBRR include increased unmet health needs and financial risk if the cost of addressing the pandemic cannot be met within available funding. Other COVID-19 related risks e.g. cyber security are also subject to scrutiny.

28 Pre-COVID, responsibility for corporate risk management moved to the Director of Corporate Governance to better link risk to a new Board Assurance Framework (BAF) with a Head of Compliance appointed to support legislative framework development. However, given the urgent pandemic response, the BAF was not fully implemented in April as intended, with extant systems continuing and clear linkage to corporate objectives embedded in the HBRR. As we previously made a recommendation about BAF implementation, we will follow up progress next year.

A focus on quality and safety has been maintained with key assurances provided to Board and Committee

29 The Board receives a monthly COVID-19 update report. As a minimum, reports cover patient safety, capacity, infection prevention and control, staff deployment and staff safety and wellbeing with specific discussions on issues such as PPE, surge capacity, social distancing, population need and service access.

30 Most of the Welsh Government guidance for quality scrutiny during the pandemic has been met through the Q&S Committee agenda. Regular assurance reporting in key areas, such as Putting Things Right, infection prevention and control and compliance with the Nurse Staffing Levels Act also continues alongside annual reporting and consideration of key reviews/actions. Where items set out in Welsh Government guidance have not been considered in detail or at Committee during the pandemic period, they have been covered either at other fora or re-scheduled on the Committee workplan. For example:

- detail on processes such as rapid discharge and systems to assess patient harm, risk and clinical prioritisation are reviewed at Gold command; Quality Safety Assurance Group (QASAG); and the clinical ethics and reference groups, which also oversee Royal College guidance and ethical considerations. Reporting to Committee on these issues has been to provide assurance that systems have been implemented. Future reporting will need to focus on the outcomes.
- items not featured on the Committee's agenda between April and July include mortality reviews, clinical audit, DNACPR[4] and triggers for clinical harm reviews. These items featured on the pre-COVID-19 work programme, but some are yet to be rescheduled for Committee scrutiny.

31 The Committee Chair also receives additional assurances outside committee meetings by attending Gold Command twice weekly (where quality metrics are considered as part of dashboard situational reporting); meetings with the lead executives and through weekly IM briefings. This provides timely information on issues and risks and presents an opportunity for rapid escalation if necessary.

32 IM scrutiny is good, demonstrating understanding of the issues with discussion covering a broad range of quality considerations, including risk/harm, access to services, and population/primary health care (particularly in the COVID-19 context). Whilst the COVID-19 response has had an acute hospital focus, the Committee received updates from the Mental Health-Learning Disabilities and Primary-Community Units. Papers are adequate, but the Committee continues to seek improvements to assurance reporting as part of the wider improvement plan following its workshop in 2019.

33 The management-led QSAG, which reports to Q&S Committee, continued to operate, receiving Q&S reports from operational units and considering the detail of

[4] DNACPR relates to decisions about cardiopulmonary resuscitation.

quality safety measures and standards. However, not all units attended to present their reports. As strengthening QSAG assurance arrangements was a previous recommendation we will assess progress more fully next year.

34 The COVID-19 data dashboard includes workforce productivity and safety indicators, monitored at Gold Command and reported to Board. The dashboard also enables reporting on referral rates and waiting times, proxy measures of risk to patients from routine services suspension or services not being accessed, despite public messaging. Quality impact assessments are conducted before making decisions on service changes to respond to COVID-19, and in reinstating planned care services.

35 Engaging with professional bodies and staff organisations is incorporated into Gold command programmes and the Board received both a staff and patient story on the impact of COVID-19. Assurance reporting has set out: the wellbeing support provided for staff; and implementation of the all-Wales COVID-19 staff risk assessment tool (described in part 3). Staff are being encouraged to complete their self-assessments, but completion rates and outcomes have yet to be reported.

While routine tracking of progress against audit recommendations was suspended, attention to reviews relating to quality, safety or key controls has continued

36 There is a good historical system for tracking implementation of internal and external audit recommendations and actions. Tracking (and Audit Committee reporting) was deferred during the COVID-19 response, as was a review of outstanding internal audit recommendations. The Health Board reports no urgent matters requiring immediate attention and tracker reporting is due to return to the Audit Committee in September.

37 Audit Committee has continued to receive the findings of finalised audit reports and management responses to these are being prepared. Other reviews relevant to quality, safety or key controls have also received attention. For example, actions are progressing in relation to TAVI and KPMG findings on financial management.

38 In previous years we have highlighted the absence of audit tracking for recommendations arising from other inspectorate, regulatory or Royal College reviews. The Health Board had intended to address this through its broader legislative compliance development work, although this has not progressed during the COVID-19 response period.

Managing financial resources

39 Our work considered the Health Board’s financial performance, changes to financial controls during the pandemic and arrangements for monitoring and reporting financial performance.

40 We found that **the Health Board faces significant financial challenges, including the ongoing costs for responding to COVID-19, but it has strengthened aspects of financial management and maintained effective financial controls and reporting**.

Achieving key financial objectives

While continuing to face a financial deficit in 2020-21 and uncertainty over continuing COVID-19 costs, the Health Board is focussed on improving its longer-term financial position

The Health Board was not able to meet its financial duties in 2019-20, ending the year with a £16.3 million deficit

41 The Health Board began the 2019-20 financial year with a plan to break even, approved in principle by the Board in March 2019. Despite this, the Health Board experienced significant operational pressures resulting in a forecast of a £16.3 million deficit being reported to the Welsh Government at month 10. The Health Board did not meet its statutory duty to break even against its Revenue Resource Limit over the three years to 2019-20. The outturn position was a £16.3 million deficit for 2019-20, with a three-year rolling deficit of £58.6 million[5].

42 A £22 million savings requirement was identified at the start of 2019-20, with £19 million of savings achieved, of which £4.9 million was non-recurring. Savings were achieved through unit savings, cost containment and delivering efficiencies through high value opportunities (HVOs) such as £0.5 million theatre efficiencies. Some £1.1 million of savings were made through staff vacancies held against service developments. Despite these savings, significant cost pressures during the year, plus the impact of diseconomies linked to the Bridgend boundary change led to overspends.

43 Whilst being in Targeted Intervention[6] since September 2016, the Health Board has operated annual planning arrangements in agreement with the Welsh Government whilst working to develop an approvable three-year Integrated Medium-Term Plan (IMTP) and financial plan. Although making progress towards this aim, approved three-year plans were not in place for the period 2019-20 to 2021-22.

[5] Historic debt will be written off by the Welsh Government following a recent Ministerial announcement, subject to the Health Board delivering its 2020-21 baseline financial plan and meeting its three-year break-even duty.

[6] NHS Wales Escalation and Intervention Arrangements

The Health Board rebased budgets for 2020-21 and started the year with a deficit forecast of £24 million, which is likely to increase without extra funding for COVID-19 costs

44 The financial plan for 2020-21 and the period up to 2022-23 was shared with the Board in January 2020. It set out a forecast overspend of £24.4[7] million for 2020-21. Some of the underpinning assumptions included inflationary/demand pressures of £35.5 million, less an uplift of Welsh Government allocation support of £21.6 million.

45 The 2020-21 budget was rebased following an assessment of 2019-20 income/expenditure, as opposed to rolling over historical budget as in previous years. Budget rebasing, previously recommended by us and as part of the KPMG review, was adopted to better reflect actual staffing, activity and service provision cost, provide a more accurate and reliable forecast and bring greater clarity and accountability. However, formal accountability letters were not issued to budget holders during the height of the COVID-19 response. The Health Board also recognises some potential short-term risks. These are:

- rebasing could be considered to reward poor performance of units overspending in 2019-20;
- posts which have been vacant for some time will require disestablishing; and
- the starting point for the 2020-21 outturn will be a deficit position.

46 The 2020-21 financial plan included an ambitious savings requirement of £22.8 million. At month 3, the Health Board had not made any savings, and revised its forecast savings delivery down to £5.4 million. This leaves a savings shortfall of £17.4 million against the 2020-21 financial plan. Additionally, the financial impact of COVID-19 sits outside of the costs included in the 2020-21 financial plan.

47 The Welsh Government has provided £39.8 million of COVID-19 funding to date, reducing the total forecast deficit from £140 million to £100.7 million at month 3. This includes the £24.7 million baseline deficit, plus £76 million relating to COVID-19. The Health Board remains focussed on delivering its baseline plan and has not assumed any further Welsh Government funding. It is recognising the effect of reduced planned activity expenditure to offset COVID-19 costs, concentrating on minimising financial run rates and continually reviewing its forecast alongside quarterly operational planning. However, it is unlikely that the Health Board will be able to cover the ongoing COVID-19 costs without a significant increased deficit or additional funding.

[7] The 2020-21 baseline deficit was revised to £24.7 million in month 3.

The Health Board is considering its longer-term financial position with an intent to break even in three years, but its plan was developed before the outbreak of COVID-19

48 Although the Health Board does not have an approved IMTP, a longer-term financial plan is in place for 2020-2023. It forecasts a £12.6 million deficit in 2021-22 and a £0.8 million surplus in 2022-23. The plan is based on estimated inflationary/demand pressures, Welsh Government allocation uplifts and consistent planned savings of £24 million in 2021-22 and 2022-23. It sets out a clear ambition to break even within the next three years.

49 The high-level financial plan is underpinned by a three-year savings programme, which includes a pipeline of efficiency opportunities informed by the 2019 KPMG review. These forecasts are caveated with several assumptions and there are risks that inflationary/demand pressures in future years may be understated. Also, the necessary levels of savings may not be achieved, and as noted in our ISA260 report, the Health Board has a smaller cost base to make savings from following the Bridgend boundary change.

50 The three-year financial plan was established before the outbreak of COVID-19 and therefore will be affected by the pandemic. Savings in 2020-21 are already significantly behind, which is likely to lead to a bigger deficit in 2020-21, with a knock-on impact for achieving breakeven in the next three years. We previously made recommendations about setting realistic savings targets and developing the use of costing and will follow up further next year. However:

- the Health Board recognises that the fast-tracking of different ways of working and managing patient flow necessitated by COVID-19 presents opportunities to deliver services differently and more efficiently. This may help reduce the historic level of associated service delivery costs.
- there is evidence that the Health Board was actioning several KPMG recommendations early in 2020 to improve the accuracy of forecasting, accelerate savings programmes and increase the accountability and ownership of financial challenges across the organisation. The actions taken are discussed more fully below, although it is still too early to conclude on their effectiveness.

Financial controls

The Health Board has maintained appropriate financial controls and continued to strengthen its financial management with the challenge to quickly embed improvements

The Health Board is acting on improvement opportunities to strengthen financial management with pace of progress critical for achieving financial recovery

51 The KPMG review made recommendations for strengthening financial planning and management. Although the COVID-19 emergency may have limited pace[8], actions, which reflect issues we have previously raised through our structured assessments, are being progressed. In addition to rebasing 2020-21 budgets and incorporating efficiency opportunities into savings plans, actions include:

- establishing a Performance and Finance Management Group to strengthen accountability, set the tone for financial recovery and increase clinical leadership and ownership;
- replacing HVOs with transforming care programmes co-developed and owned by service units; and
- creating clear savings planning documentation which can be tailored depending on the scale of savings.

52 The finance department is also reviewing ways of working following the 2019 CIPFA review of the finance function. Consideration is being given to how the function can best adapt and become more effective with a focus on:

- strengthening engagement with and training for budget holders;
- assessing finance team capacity[9], co-location and structure; and
- reviewing the role of business partners in holding to account arrangements.

53 During our 2019-20 final accounts work we noted the efficient and timely way the finance team managed the year-end accounts work, which coincided with the peak of the COVID-19 infection. During our 2020 structured assessment, we also observed a heightened focus on financial grip and control, with continuing attention on actions to address KPMG findings at Board and committee discussions.

54 Insight into the actions needed to gain greater traction for longer-term financial recovery has been evident for the last two years, although changes at Director level and the Bridgend transfer had affected the pace of progress. This needs to be

[8] The draft KPMG action plan continues to be progressed but is due to be finalised at the September Board meeting.

[9] We noted the limited capacity of the finance team in our 2019 structured assessment following the loss of finance staff to other health boards.

quickened going forward if the Health Board is to achieve its aim of breaking even in three years.

Mechanisms to record, track and verify COVID-19 expenditure have been established

55 At the start of the pandemic, a single cost centre was established to capture the revenue costs of purchases for readiness and preparedness for the pandemic. Finance business partners and managers instructed all requisitioners to use this cost centre when purchasing for these purposes. Subsequently, additional cost centres were set up to capture specific COVID-19 spending, such as field hospital and community testing costs.

56 Unit level and indirect costs related to COVID-19 are also captured. For example, where service areas have been designated for treatment of COVID-19 patients or more expensive drugs have been issued to certain outpatients to reduce the need for more intensive interventions or hospital visits. There is a separate code for capital spending. These requests are authorised by the capital finance team. Spend of this nature would include ventilators and equipment for field hospitals.

57 Validation arrangements were established alongside the set-up of cost centres. The COVID-19 co-ordination centre and finance lead review a report of all requisitions daily to validate COVID-19 cost centre charges. Any queries are returned to the requisitioning officer for further explanation or adjustment before approving costs as COVID-19 related and authorising orders. However, the volume of requisitions for readiness and preparedness in early April meant ensuring a detailed review of purchases was a challenge at that time, creating a backlog of validations for a short period.

58 Decision logs are in place across spending areas and a monthly review process was established in month 2 to challenge and verify COVID-19 spending decisions. Decision logs for all significant purchases (i.e. over £0.75 million) are in place. However, while units are also expected to maintain decision logs, there were some gaps in these logs in the early stages of the pandemic. Also, a templated approach was not fully introduced until month 3, risking inconsistency of detail and demonstration of value-for-money consideration in earlier logs. We reviewed the decision-making record for Llandarcy field hospital equipment and found that it set out decision, intended outcome, financial consequences and approval in reasonable detail, capturing the thinking behind decision making. Internal Audit will be completing further sampling of decision logs as part of their current rapid governance review.

59 The Health Board has put mitigations in place for the potential risks (noted above), with, for example, retrospective completion of the required decision log template where necessary and aligning unit COVID-19 cost reporting to revised Welsh Government monitoring return requirements. In addition, the Health Board has commissioned NWSSP Procurement to review all COVID-19 spending over a de-

minimis threshold to provide further assurance. At the time of our report, this review had not concluded.

The Health Board has operated within existing financial controls during the COVID-19 response

60 There has been minimal change to core financial controls during the pandemic with existing Standing Financial Instructions (SFIs) continuing to apply. The Health Board assessed the current controls and delegated limits, concluding that current levels were sufficient to operate efficiently and responsively during the COVID-19 emergency, whilst maintaining financial governance. Specifically:

- SFIs cover procedures where tender arrangements may need to be waived (in accordance with Treasury and Welsh Government guidance). The declarations of interest process was maintained; and only two single tender actions[10] were reported to Audit Committee in the period.
- the scheme of delegations sets out agreed discretionary limits, which were considered sufficient to respond during the pandemic.
- authorisation limits are set in Oracle[11] and arrangements for no payment without a purchase order[12] (PO) are available and unchanged, with an audit trail to evidence limits. For purchases over £75,000 costed to a COVID-19 health response code (7004), authorisation requirement is flagged within finance.
- there have been no changes or relaxation in authorised signatories.
- payments have continued to be made through Oracle, and in line with SFIs, the Health Board reports that prepayments for COVID-19 related purchases have not been made (although some suppliers have requested this during the pandemic for items such as PPE).
- no change to goods receipting processes despite increased orders in PPE.
- approval of locum and agency staff usage remained the same.

61 Unit directors have adequate delegation for most large purchases, but further approval was through Gold Command and full Board if necessary. Chair's Action was also available for any urgent decision on significant expenditure if needed, for example, expenditure for field hospital set-up.

62 Annual accounts preparation was completed by the revised deadline of 22 May. Our audit of the financial statements did not identify any significant issues to suggest that financial controls were weakened or bypassed.

[10] Subject to further review by Internal Audit and NWSSP Procurement.

[11] A financial management system for recording transactions, maintaining account balances and creating financial statements.

[12] A purchase order is the confirmation of an order, sent from a purchaser to a vendor authorising a purchase. The NHS normally operates a no-payment-without-a-PO policy.

63 For quarter 1 of 2020-21, the Health Board has had access to additional independent hospital beds. The commissioning of this capacity was undertaken on an all-Wales basis by the Welsh Health Specialised Services Committee (WHSSC) and funded by the Welsh Government.

64 Terms to support setting up lease arrangements for field hospitals were agreed with Local Authority partners with a formal collaboration agreement being finalised at the time of our fieldwork. In accordance with Welsh Government arrangements, funding for these costs has flowed through the Health Board to its local authority partners. The Health Board has made its expenditure records available to its partners for scrutiny. The Welsh Government's Integrated Assurance Hub has recently undertaken a review of Swansea field hospitals for due diligence. This review was not complete at the time of our reporting and the Health Board will need to respond to any recommendations made.

65 During the pandemic, there has been a significant increase in charitable gifts and donations. The Health Board has applied its standards of business conduct policy and process and referred to HfMA [13] guidance on the use of charitable funds for COVID-19. Donations received centrally have been recorded; and purchases of clothing and toiletries made via Amazon Wishlist have been relatively easy to record/receipt. The gifts and hospitality policy was applied where small donations and gifts have been received directly by units, although the increase in donations created a bigger challenge for central logging. Multiple small items received centrally have also needed consideration of distribution arrangements. In light of this experience, the Health Board intends updating its charitable funds and standards of business conduct policies.

Monitoring and reporting

Timely oversight and scrutiny of the financial position continue supported by comprehensive reporting

66 While the Performance and Finance (P&F) Committee was temporarily stood down during the peak of COVID-19, the Board maintained oversight and scrutiny of the financial position. The Board and Audit Committee received timely reporting for each of its meetings. Discussion has been open with good scrutiny from IMs. In addition, the Chair of the P&F Committee has met with the Director of Finance, while the Committee was stood down. Monthly P&F Committee meetings were reinstated in July.

67 Reporting is comprehensive with information consistent with that provided to the Welsh Government through monthly monitoring returns. The reports provide a clear picture of the financial position, challenges and risks, and the mitigating

[13] The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare.

actions being taken. They also include explanations of COVID-19 and non-COVID-19 expenditure and the level of savings the Health Board has been unable to make. The Board is committed to ensuring transparency and clear evidencing of spending decisions in relation to COVID-19. The Board is also benefitting from expert performance and finance advice with a special advisor to the Board appointed this year.

68 Operationally, financial performance has continued to be a key component of performance arrangements and subject to regular oversight at unit, senior leadership and executive team levels. During the pandemic, COVID-19 expenditure has also been included.

69 A Performance and Finance Management Group (referred to in **paragraph 51**) was established pre-COVID-19 to allow more time for senior officers to focus on the financial position. Membership included the CEO and all service and executive directors. However, given the urgent need to respond to the COVID-19 emergency, the group was suspended but is expected to reconvene shortly. The group should provide a vehicle for senior leadership to better understand the financial position through in-depth analysis, and gain the traction needed for financial recovery.

Operational planning

70 Our work considered the Health Board's progress in developing and delivering quarterly operational plans to support the ongoing response to COVID-19 and to provide other essential services and functions in line with Welsh Government planning guidance. At the time of our work, the focus was on essential services with the aim of restoring normal and routine activities when safe and practicable.

71 We found that **operational plans are informed by data modelling, a clear commitment to stakeholder engagement, regional working and staff wellbeing with arrangements for monitoring progress and performance. However, another COVID-19 peak will present a significant workforce challenge.**

Developing the plan

Operational plans support the restarting of services and recognise clinical service plan priorities with learning from the pandemic a key part of the organisation's reset and recovery

The Health Board's quarterly plans have been informed by data modelling and stakeholder engagement

72 The Health Board has worked well with its Board in developing quarterly plans. Both the quarter 1 and 2 plans were produced quickly and submitted to the Welsh Government on time. As Welsh Government submission deadlines preceded

Board meetings, both plans were formally ratified at the next Board meeting. However, the quarter 2 plan received IM scrutiny and sign-off through Chair's actions prior to submission. Plans were consistent with the NHS operational planning framework and the Health Board was responsive to Welsh Government feedback.

73 The Health Board engaged and collaborated with stakeholders throughout the pandemic, which helped shape quarterly plans. Engagement included, for example:

- weekly briefings on key issues with the Community Health Council (CHC) and regular discussions between the Chair and CHC Chief Officer;
- weekly meetings with local authority leaders and Chief Executives building on the well-established West Glamorgan Regional Partnership[14]; and
- the Stakeholder Reference Group and Accessibility Reference Group reconvened virtually from July 2020 with virtual meetings of the Regional Voluntary Sector Network continuing from May 2020.

74 Data modelling has been an integral part of the Health Board's situational awareness and decision-making during the pandemic. It has informed capacity/demand modelling for operational planning, with scenario testing progressing for quarters 3 and 4.

Essential services have been maintained with a prudent approach adopted for the safe restarting of other services

75 During the pandemic, the Health Board maintained all essential services even where these were delivered differently. Clinicians have been supported to maintain outpatient services through priority face-to-face attendances and virtual consultations enabled by rapid digital developments such as Attend Anywhere, See on Symptoms and Consultant Connect.

76 The Heath Board has taken a measured approach to reinstating more routine services, ensuring that patient and staff safety remains a top priority and minimising the need to step down services if another COVID-19 peak occurs. The approach has been measured with quality impact assessments to ensure reinstatement of activity is controlled and risk assessed; and co-dependencies for restarting a service considered.

77 A clinical advisory group provides clinical advice for the safe re-introduction of services and care of patients. A process for clinical prioritisation is in place to ensure that patients with the greatest clinical need are prioritised. Social distancing and hospital zoning to separate COVID-19 and non-COVID-19 areas are in place, together with revised pre-operative arrangements.

[14] During the pandemic, RPB partners approved a revised governance arrangement although we have not reviewed this as part of our work.

Learning, innovation and new ways of working are informing plans and the organisation's operating model with a focus on the long-term clinical services plan

78 The Health Board set up an overarching Reset and Recovery Programme, with workstreams to plan service reinstatement and map the pathway and service changes needed. A recovery, learning and innovation group, established in April 2020, supports the programme. It provides oversight of the Health Board's recovery plans; and leads on the capture and application of learning from innovation and new ways of working developed during the pandemic.

79 The Health Board has reviewed its response to COVID-19 to date and logged all service and pathway changes with risks, benefits and lessons learnt reported to Board. A 'Capturing Learning from Change' survey has also been launched to gather staff views and reflections about new arrangements and ways of working to be retained, pre-crisis practices now unfit for purpose and recommendations for future vision. The Health Board also intends to seek patients' views on the virtual interactions introduced to ensure accessibility and good patient experience.

80 The Health Board is committed to embedding positive innovation and change (not simply reverting to old practices). It is reflecting on lessons learnt in terms of processes, services and ways of working to improve its operating model. Whilst currently led through the Reset and Recovery Programme, there are clear synergies with the transformation programme work started in 2018. The Health Board will need to determine how these programmes align in the future, and interconnect with the five-year Clinical Services Plan (CSP) enabling programmes.

81 In responding to the pandemic and the restarting of services, the Health Board has kept the CSP principles in sight when making necessary changes to pathways and service configuration. Implementation of some elements of the CSP has been accelerated, such as development of a paediatric single point of access. Plans to centralise acute medicine are also progressing, which may help to sustain service delivery going into winter pressures and a possible second COVID-19 peak.

Resources to deliver the plan

Commitment to staff wellbeing is evident with modelling and regional solutions informing resource plans, but in the event of a second peak, staffing remains a significant risk

Regional solutions are being developed, with scenario testing informing service delivery and resource plans

82 The Health Board is seeking regional solutions, particularly with Hywel Dda University Health Board, building on the strong pre-existing relationship. During quarter 2, the Health Boards are considering plans for a regional field hospital, with

proposals for a shared prioritisation approach across regional beds, a regional workforce model and joint services in other specialty areas. There are also discussions with other neighbouring health boards, EASC[15] and WHSSC to explore specialist service and commissioning solutions. Access to these services will also be based on clinical prioritisation.

83 The Health Board's data modelling tool enables tracking across a range of metrics, including capacity and bed use, demand (COVID-19 and non-COVID-19), workforce and social distancing assumptions. The Health Board is clear about the impact of social distancing on productivity and resource requirements for resumed activity, such as theatres and endoscopy. The Warwick model[16] has been applied to workforce analysis and the predicative data tool capabilities enable scenario modelling. These are being sense-checked against national modelling. An operational planning group is considering options particularly around capacity for future peaks and working up and testing plans against various scenarios.

The Health Board has risen to COVID-19 workforce challenges, acted to support staff wellbeing and is mitigating staffing risks, although risks remain in the event of a second peak

84 The Health Board has, like others, faced huge workforce challenges to respond to the pandemic. For example, COVID-19 related absence saw 1,700 staff isolating or shielding. In response the Heath Board has:

- recruited more than 1,495 staff, with most employed on bank or fixed-term contracts, plus mobilisation of nursing and medical students;
- monitored staff absence daily via the Gold Command data dashboard;
- facilitated remote working to support shielding, self-isolation and social distancing;
- redeployed staff to support front line services or protect at-risk staff; and
- used the silver emergency response nurse staffing cell to mobilise and deploy nurses across the Health Board.

85 Workforce supply and availability remains a key area of risk for the Health Board as work continues to increase the delivery of services and activity whilst preparing for any second COVID-19 peak. Contingency plans are being developed to ensure sustainable workforce planning for the future in line with the draft Workforce Strategy for Health and Social Care, but also for staffing additional beds in the event of a second COVID-19 peak.

86 Staffing surge and super-surge (field hospital) capacity would present a significant challenge. In line with the Health Board's Field Hospital Operational Plan, a group is exploring initiatives to mitigate this risk, stratifying the COVID-19 Emergency

[15] Emergency Ambulance Service Commissioner.

[16] An analytical human resource management tool.

Levels of Care and identifying staffing levels based on clinical need. An escalation Standard Operating Procedure is in place to trigger response levels, using all available Health Board capacity as part of the initial response (core and surge) prior to using field hospital beds. The regional field hospital plan and workforce model should help mitigate staffing risks to some degree.

87 Staff wellbeing is a high priority for the Health Board. There has been focussed attention on protecting staff safety and in ensuring their wellbeing. The Health Board has been shortlisted for an 'Esteem' award for its wellbeing response. Initiatives included:

- various informal mechanisms such as 'wobble' and relax rooms for staff experiencing emotional distress during the peak of the pandemic.
- buddying between executive and service directors to provide support.
- occupational health services re-engineered to provide a seven-day-a-week service supporting COVID-19 triage and prioritising symptomatic staff and family members for referral to the Community Testing Unit.
- an extended wellbeing service supported by the Mental Health Psychology, Learning and Development, and Chaplaincy teams to provide virtual support to individuals and pathway services for bereavement and traumatic COVID-19 experiences for units such as critical care.
- a trauma risk management model (TRiM) to identify and respond to early signs of trauma. Funded through NHS Charities, the peer-led approach is aimed primarily at frontline staff with clinical leaders and supervisory staff trained as practitioners. Some 23 internal trainers are in place with training for key staff in critical areas in quarters 2 and 3.
- implementing the all-Wales staff risk assessment tool to identify those most at risk from COVID-19, including people from BAME backgrounds. An executive-led review group is considering high risk outcomes to ensure appropriate staff protection actions.
- encouraging staff to take their annual leave for time out to recuperate.

88 COVID-19 created a situation where staff had to work in different ways overnight. A Wellbeing and Flexible Working survey was launched in July to provide an important organisational 'temperature' check and help identify ways to keep improving workforce experience, assisting the Staff Experience Team to continue the work already done as part of #ShapingSBUHB. The survey also seeks views about how the COVID-19 NHS Charities funding can be used for staff and patient welfare.

Monitoring delivery of the plan

There is good oversight and scrutiny of overall performance and operational plan delivery, with the Health Board reshaping performance reporting and developing a new performance management framework based on the quadrants of harm

89 Whilst the national performance monitoring arrangements have been largely stood down, the Health Board ensured continued oversight of performance and the behaviours of key systems including the unscheduled care, cancer and surgical systems. Reporting against the annual plan and targeted intervention performance measures has also continued. Monitoring mechanisms include:

- executive and unit performance reviews;
- IM briefings on demand, capacity and performance;
- special Q&S and P&F committee meetings on essential services;
- monthly Board scrutiny with enhanced and transparent reporting including trajectories and the impact of COVID-19 on waiting lists; and
- a touch-point meeting with the Welsh Government.

90 In respect of the operational plan, the Health Board reported quarter 1 performance to Board in July, against the actions and timescales identified in the plan. The report included a high-level summary of completed, on-track and off-track actions along with explanations for off-track actions and revised milestones.

91 Most quarter 1 actions have either been delivered or are on track, with 66% completed, 28% on track and 6% off-track. Two of the off-track actions relate to cancer services. A baseline assessment of the Health Board's essential services and a self-assessment against the cancer framework were completed to provide assurance on the status of these services.

92 The Health Board is prioritising the development of the quarter 3 and 4 plan which will need to:

- include a focus on performance trajectories taking into consideration its ability to adapt and respond to fluctuations in demand;
- provide greater detail of how key priorities for unscheduled care/winter planning, surgical services, critical care, diagnostic services and cancer services will be addressed, building on the actions set out in earlier plans; and
- ensure delivery of Test, Trace and Protect is supported as well as any mass vaccinations.

93 The Health Board has mapped key priorities over the next six to 12 months to align with the four quadrants of harm defined in the NHS Wales Operating Framework and is identifying reporting metrics. So that progress against actions receives scrutiny and assurance at the appropriate forum, each action has been mapped to a Board committee to avoid duplicate discussions and maintain clear lines of

escalation and accountability. The Health Board is also developing a performance management framework based around the quadrants of harm.

94 The Health Board should also consider how the organisation's strategic and CSP objectives align to the quadrants of harm. We made a recommendation on determining a CSP reporting framework in 2019 and will revisit this next year.

Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.