



Structured Assessment 2015

Welsh Ambulance Services NHS Trust

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Status of report

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Summary report

Context

1. The Welsh Ambulance Services NHS Trust (the Trust) provides ambulance services for the people of Wales. As at April 2015 the Trust employed almost 3,000 staff across a range of disciplines and functions. The Trust is in the process of changing the focus of its service to establish it as a quality focussed, clinically led, clinically driven emergency medical service, non-urgent patient care service and a 24 hour health care and advice.
2. Structured Assessment examines the Trust's arrangements that support good governance and the efficient, effective and economical use of resources. As in previous years, the work in 2015 has assessed the robustness of the Trust's financial management arrangements, the adequacy of its governance arrangements and the management of key enablers that support effective use of resources. In examining these areas, we have considered the progress made against improvement issues identified last year¹. The audit work was structured under the following areas:
 - **Financial planning and management**, including:
 - Financial health, financial planning and savings plans.
 - **Arrangements for governing the business**, including:
 - Strategic planning, structure, governance arrangements and internal control.
 - **Enablers of effective use of resources**, including:
 - Change management, workforce, assets, and engagement.
3. The Trust has faced a number of specific challenges during the year. It has worked with commissioners to agree and establish a new clinical commissioning framework for its services, developed a new clinical response model, and it has carried out this work within a financially challenging environment with significant media and public scrutiny.

Main conclusions

4. In 2014, our structured assessment concluded that arrangements to support governance and board assurance were broadly sound and some progress had been made to address development areas highlighted in our previous report, but further development was needed to ensure sustainable finances and improved services.
5. During 2015, the Trust has continued to make progress, particularly in relation to building capacity and capability. Our overall conclusion from 2015 structured assessment work is that arrangements, which support good governance and the efficient, effective and economical use of resources continue to evolve, but further improvement is needed in some important areas.
6. The reasons for reaching this conclusion are set out below.

¹ Recommendations made in 2014 together with a summary of progress are set out in [Appendix 1](#).

Financial planning and management

7. The Trust is likely to achieve financial balance at the end of 2015-16 because of additional funds allocated during the year from the government and commissioners for agreed additional work. In reaching this conclusion we found:
- The Trust continues to maintain a good control environment with skilled staff.
 - The Trust met its financial targets after receiving additional funding in 2014-15. Additional revenue funding from Welsh Health Specialised Services Committee (WHSSC) was required to meet its statutory break-even duty.
 - The Trust successfully implemented cost savings plans as budgeted, however these were not effective in bringing down total costs as expenditure for front line services rose dramatically. This rise was in response to the Welsh Government's (WG) objective of improving ambulance response rates that had a direct impact on cost, which all parties agreed.
 - The Trust used scenario planning to help develop its 2015-16 cost forecasts.

Arrangements for governing the business

8. The Trust has made progress in addressing weaknesses in its governance arrangements, and performance in key areas is improving, but fundamental gaps in governance infrastructure remain. The Trust has plans in place to address this.
9. In reaching this conclusion, we found:
- The Trust recognises that its approach to strategic planning in previous years has been weak and it is strengthening its approach for 2016-17 onwards. It has appointed additional senior staff to facilitate this.
 - The senior management structure has been reviewed to provide much needed additional capacity to the Executive team.
 - The Trust has refreshed its governance structures to improve clarity and efficiency, and it benefits from an experienced and well-informed Board, but systems for providing assurance to the board are underdeveloped and not consistently applied.
 - The Trust's approach to risk management and board assurance is not effective, but it has plans in place to improve its approach in 2016-17.
 - The Trust is improving its use of management information to support strategic planning.
 - The Trust is planning to strengthen its approach to performance management and is improving its use of performance information, though a robust performance framework is not yet in place. Performance in important areas for the Trust is improving.

Enablers of effective use of resources

10. The Trust is making headway in developing and delivering its approach to change management, but opportunities to secure better use of resources remain in some areas.
11. In reaching this conclusion, we found:
 - the Trust has developed a more structured and disciplined approach to managing change through programme management, but insufficient resources to administer the programme may impact on the implementation of change projects;
 - the agreement of the Clinical Model with commissioners and the better analysis of management information is allowing the Trust greater clarity on developing its workforce plan which is making some progress;
 - strategic plans for the Trust's estate are being reviewed; and
 - the Trust is continuing to strengthen its approach to partnership working and has established a priority to improve it further.
12. The findings underpinning these conclusions are summarised in the next section of this report.

Recommendations

13. Recommendations arising from 2015 structured assessment work are set out below.

Arrangements for governing the business

- R1 The Trust should develop and fully implement a robust risk management and board assurance framework.
- R2 Emphasis should be given to the completion of corporate processes (such as risk review and audit recommendation updates) by executives and senior managers to strengthen governance.
- R3 The Trust should develop and fully implement its planning and performance management framework. It should also enhance its performance reporting as highlighted in our 2014 Annual Audit Report.

Enablers of effective use of resources

- R4 Sufficient resources should be applied to the support of the change management programme (Portfolio Programme) to enable pace to be maintained and slippage to be minimised.
- R5 With the clinical model now agreed and greater clarity on workforce needs, the Trust should work quickly to develop a credible and achievable plan for its estate.
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Detailed findings

Arrangements which support good governance and the efficient, effective and economical use of resources continue to evolve, but further improvement is needed in some important areas

14. The findings underpinning this conclusion are summarised below, grouped under the themes of financial planning and management, arrangements for governing the business and enablers of effective use of resources. Findings highlight strengths and developments, as well as the risks and challenges still facing the Trust.

Financial planning and management

The Trust is likely to achieve financial balance at the end of 2015-16 because of additional funds allocated during the year from the government and commissioners for agreed additional work

15. In reaching this conclusion, we found:
- The Trust continues to maintain a good control environment with skilled staff.
 - In 2015 the Trust managed to meet the financial performance measure of recording a loss or surplus of less than £500,000. As in 2014, this was due to increased funds from commissioners to cover the costs of front line services in the year. The payment of c. £5.6 million received in 2014 was repeated and augmented by a further £8.75 million in order for the Trust to be able to cover costs.
 - The main driver for increased costs was the provision of 'front line' services which required increased staff costs (overtime, agency support and increased headcount) and services and supplies purchased from NHS bodies and third parties. These three expense lines contributed an increase of £6.2 million.
 - As in previous years, good in-year budgetary control, financial management, and additional funding ensured the Trust achieved financial balance in 2014-15 but there are significant risks around setting, balanced budgets for the future.
 - Savings plans for 2015-16 are predicted to underachieve by £0.511 million at year-end, and almost half of savings identified are non-recurring. However, the identification of recurring savings has improved significantly compared to the previous year. In 2014 less than 20 per cent of savings were recurring, while in 2015 this has increased to 50.8 per cent.

Arrangements for governing the business

The Trust has made progress in addressing weaknesses in its governance arrangements, and performance in key areas is improving, but fundamental gaps in governance infrastructure remain. The Trust has plans in place to address this.

16. In reaching this conclusion, we found:

- The Trust recognises that its approach to strategic planning in previous years has been weak and it is strengthening its approach for 2016-17 onwards. It has appointed additional senior staff to facilitate this.
- The senior management structure has been reviewed to provide much needed additional capacity to the Executive team.
- The Trust has refreshed its governance structures to improve clarity and efficiency, and it benefits from an experienced and well-informed Board, but systems for providing assurance to the board are underdeveloped and not consistently applied.
- The Trust's approach to risk management and board assurance is not effective, but it has plans in place to improve its approach in 2016-17.
- The Trust is improving its use of management information to support strategic planning.
- The Trust is strengthening its approach to performance management helped by an agreed performance framework with commissioners. Performance in important areas for the Trust is improving.

17. The findings underpinning these conclusions are summarised in the following sections and tables.

Strategic planning

The Trust recognises that its approach to strategic planning in previous years has been weak and it is strengthening its approach for 2016-17 onwards. It has appointed additional senior staff to facilitate this.

18. The findings underpinning this conclusion are summarised in [Table 2](#).

Table 2: strategic planning

Strengths and developments	Risks and challenges
The Trust is strengthening its approach to strategic planning for 2016-17 onwards. It has appointed a Head of Strategic Planning and Development, and a Deputy Finance Director to facilitate this.	The Trust was unable to agree a Three Year Integrated Medium Term Plan (IMTP) with WG in 2015. This was partly due to the lack of maturity in commissioning arrangements at the beginning of the year, which are now much improved.
A project plan and appropriate management arrangements are in place to deliver the IMTP by March 2016.	The IMTP for 2015-16 is still awaiting ministerial approval.
The planning process is being refreshed for 2016-17 onwards to ensure the plan is built from the bottom up via departmental Local Delivery Plans (LDPs) against a refreshed Trust vision and clear planning assumptions. Staff have attended a workshop to support their local planning and LDPs have been drafted.	Planning capacity was limited at the time of developing the current IMTP.
The Chief Ambulance Services Commissioner and the Welsh Government have been consulted during the development of the 2015-16 IMTP (Year One Priorities Plan).	
The agreement of a commissioning model with the Emergency Ambulance Services Committee (EASC) enables the Trust to set clearer objectives and plan for the medium term (2016-17 – 2017-18).	
The Trust has a project plan in place to build and enhance its financial planning, and to strengthen its emerging financial strategy over the medium term.	
The eight key priorities identified in the Year One Priorities Plan are supported by clear 'plans on a page', benefit from executive sponsorship and a sound performance management framework for delivery.	

Organisational structure

The senior management structure has been reviewed to provide much needed additional capacity to the Executive team.

19. The findings underpinning this conclusion are summarised in [Table 3](#).

Table 3: organisational structure

Strengths and developments	Risks and challenges
The Chief Executive is developing the capacity of the senior management team at third tier level to support the Executive team. For example a new Interim Director of Planning is now in post.	A lack of senior team capacity has meant the completion of many routine and essential processes, such as risk register review and audit recommendation tracking have not been consistently applied. The review of senior management structures is aiming to address this.
Additional expertise is now in place to release Executive Team capacity to support strategic planning, programme management, communications, workforce development, and financial planning. The Trust Secretary role has been relocated to the Cwmbran HQ to improve efficiency and effectiveness.	

Governance structures

The Trust has refreshed its governance structures to improve clarity and efficiency, and it benefits from an experienced and well-informed Board, but systems for providing assurance to the board are underdeveloped and not consistently applied

20. The findings underpinning this conclusion are summarised in [Table 5](#).

Table 5: governance structures

Strengths and developments	Risks and challenges
<p>The Trust's committee structure has been changed following a review to ensure clearer focus and better agenda balance. The Trust now has three sub committees (Finance and Resources, Quality, Patient Experience and Safety Committee (QUEST), and Audit Committee). The previous Strategic Transformation Board has now been subsumed into the Executive Team following the non-executives' growing confidence in programme management arrangements.</p>	<p>The Trust does not yet have an effective and fully functioning Board Assurance Framework (BAF) in place. The Trust has a corporate risk register that is reviewed by the Executive Team and the Board from time to time, but a more robust process of risk management with sufficient executive scrutiny is required along with the development of an effective BAF.</p>
<p>The Trust Board provides a good level of challenge from experienced and well informed non-executive directors.</p>	<p>The robustness of internal control processes such as the audit recommendations tracker is still reliant on the corporate discipline of senior managers and directors to report actions, which has been inconsistent often due to stretched resources.</p>
<p>Work to develop an effective approach to risk management and board assurance has been commissioned and reported, but it is too early to see the impact of this work.</p>	
<p>In developing the top team the Chief Executive is aiming to improve this 'corporate discipline' in the completion of corporate activities such as audit tracking and scrutiny of corporate risks.</p>	

Risk management

The Trust's approach to risk management and board assurance is not effective, but it has plans in place to improve its approach in 2016-17

21. The findings underpinning this conclusion are summarised in [Table 7](#).

Table 7: risk management

Strengths and developments	Risks and challenges
Risk management of projects and programmes is undertaken. Each project has a risk assessment with risks being able to be escalated to Programme Board for action if required.	The Trust has a corporate risk register that is reviewed by the Executive Team and the Board from time to time, but it is not used strategically to drive Trust agendas and it does not currently receive sufficient executive scrutiny.
The Trust has reviewed its approach to risk management and board assurance and agreed seven recommendations to improve its approach including the development of a Board Assurance and Risk Management Strategy; development of a Board Assurance Framework document for 2016-17; improving the content and breadth of the Corporate Risk Register (CRR) and Local Risk Registers (LRR) with central oversight, monitoring and reporting; and implementation of Datix as the supporting infrastructure for the management of risk and concerns.	The Trust does not currently have a Board Assurance Framework or strategy in place.

Performance management

The Trust is planning to strengthen its approach to performance management and is improving its use of performance information, though a robust performance framework is not yet in place. Performance in important areas for the Trust is improving.

22. The findings underpinning this conclusion are summarised in [Table 10](#).

Table 10: performance management

Strengths and developments	Risks and challenges
<p>The development of the new clinical response model with commissioners has resulted in a new suite of KPIs that are to be reported quarterly to the EASC.</p>	<p>However, this complete monitoring and reporting performance framework for the clinical model is still in development.</p> <p>Some interim 'health check' measures have been agreed between WAST and the Commissioner to provide assurance and monitor the impact of the clinical response model. These will be reported until WAST's performance framework is agreed.</p> <p>The development of a planning and performance management framework for the Trust is listed as a priority in the Year One Priorities plan but has not yet been developed and approved.</p>
<p>The IMTP has been refreshed and includes a draft balanced scorecard, from which a revised high level set of indicators will be developed linked to clinical model priorities.</p>	<p>Our recommendation to enhance the Trust's integrated performance report from 2014 has yet to be addressed.</p> <p>Though the format of the report has been improved the use of external benchmarking to compare performance and the forecasting of year-end performance have not been included. Performance is also still reported to Board two months in arrears. Changes to the performance report are dependent on the emerging planning and performance framework and the report will need to be further enhanced to align with strategic objectives arising from the IMTP and the new Clinical Model performance framework.</p>
<p>The Trust is working hard to improve its understanding of the links between finance and workforce management information which is improving the robustness of strategic planning providing real time, accurate information for the first time.</p>	<p>However, some workforce data remains inaccurate (eg mandatory training) and some data is still not easily available for some staff groups (eg Performance Appraisal and Development Review (PADR) data for corporate staff).</p>

Strengths and developments	Risks and challenges
<p>Signs of improvement in performance have been seen in several areas such as reduced sickness levels and improved ambulance response times:</p> <ul style="list-style-type: none"> • levels of staff sickness have reduced significantly from around nine per cent in July 2014 to 6.5 per cent in July 2015; and • the first month of roll-out of the new clinical response model (October 2015) saw the Trust exceed its Red Call response target (65 per cent), achieving the eight-minute response on 68.7 per cent of occasions. 	

Enablers of effective use of resources

The Trust is making headway in developing and delivering its approach to change management, but opportunities to secure better use of resources remain in some areas

23. In reaching this conclusion, we found:

- the Trust has developed a more structured and disciplined approach to managing change through programme management, but insufficient resources to administer the programme may impact on the implementation of change projects;
- the agreement of the Clinical Model with commissioners and the better analysis of management information is allowing the Trust greater clarity on developing its workforce plan which is making some progress;
- strategic plans for the Trust's estate are being reviewed; and
- the Trust is continuing to strengthen its approach to partnership working and has established a priority to improve it further.

24. The findings underpinning these conclusions are summarised in the following sections and tables.

Change management

The Trust has developed a more structured and disciplined approach to managing change through programme management, but insufficient resources to administer the programme may impact on the pace of implementation.

25. The findings underpinning our conclusion are summarised in [Table 11](#).

Table 11: change management

Strengths/developments	Challenges/risks/opportunities
<p>Growing levels of assurance at Ministerial level with the Trust's ability and capacity to progress strategic change have resulted in a less intense level of monitoring from the Welsh Government.</p>	<p>Lack of senior executive capacity to ensure sufficient robust scrutiny of the programme.</p>
<p>The implementation of the Trust's portfolio of six change programmes is managed and co-ordinated via a structured and controlled Portfolio management approach.</p>	<p>However, programme management has insufficient administrative resources to maintain the pace of change intended. The Trust recognises this risk.</p>
<p>The Trust has established programme boards for each of its six change programmes and each has an Executive Officer lead. The programme boards take responsibility for delivering the outcomes described in the relevant 'plans on a page' and programme documentation. This includes management of time, and resources, plus any risks, issues and any programme specific benefits. Boards are responsible for managing the delivery of the constituent projects within their programme and holding project leads to account.</p>	
<p>The Portfolio Implementation Board is chaired by the Chief Executive and meets monthly as part of a formal Executive Team meeting (but with a specific agenda). The Board manages by exception and formally scrutinises delivery of the overall change Portfolio by receiving monthly highlight reports from the programme SRO. The Board also retains oversight of the cohort of smaller activities managed within the business as usual (BAU) context.</p>	

Strengths/developments	Challenges/risks/opportunities
Trust Board will receive assurance on delivery of the Portfolio of change via a high-level update at its formal Board meetings. NEDs note that this is currently working well.	
The latest half-year review of progress against its programme shows most programmes largely on track eg clinical modernisation, Non-Emergency Patient Transport (NEPTs).	The adoption of a workforce plan has slipped and is yet to be delivered.

Workforce

The agreement of the Clinical Model with commissioners and the more robust analysis of management information is allowing the Trust greater clarity on developing its workforce plan which is making some progress

26. The findings underpinning our conclusion are summarised in [Table 12](#).

Table 12: workforce

Strengths/developments	Challenges/risks/opportunities
The agreement of the Clinical Model with commissioners is allowing the Trust greater clarity on developing its workforce plan which forms a key programme in the Trust's change portfolio.	Challenges of recruitment and rostering continue and will need to be addressed.
The Trust has improved the quality and accuracy of some of its workforce data and aligned it more closely to finances. This is enabling a more robust approach to workforce planning than in previous years. A Workforce Information Manager was appointed in October to provide support to the delivery of this plan.	However, data on mandatory training remains inaccurate and PADR data is not available for some staff groups (corporate centre).
The development of a People Strategy (workforce plan) is one of the key priorities under the Year One Priorities Plan.	The quality of PADRs is noted as variable and needs to improve. In September only 33 per cent of PADRs had been recorded as complete.

Strengths/developments	Challenges/risks/opportunities
The Trust has agreed a number of workforce targets for achievement by March 2016 eg two per cent reduction in sickness, 85 per cent completion of PADRs, 85 per cent compliance with planned training.	In October the Trust was off track against all of these targets.
Sickness levels in August (latest figure available) at 6.75 per cent were just below the Welsh Government Target, and were also lower than the same period in 2014.	
Senior managers indicate that staff morale has improved markedly since last year.	

Estates and assets

Strategic plans for the Trust's estate are being reviewed.

27. The findings underpinning our conclusion are summarised in [Table 13](#).

Table 13: estates and assets

Strengths/developments	Challenges/risks/opportunities
The Trust has developed a Strategic Outline Programme for its estate that is currently with Welsh Government for agreement.	The Trust currently operates a Ten Year National Estates Strategy which does not align with emerging strategic plans. Most of the buildings operated by the Trust are outdated, attract significant backlog maintenance and require rationalisation. A review of the estate will now be required to align with clinical model and workforce needs.
The Trust has plans to extensively review its estates plans in early 2016.	

Stakeholder engagement and partnership working

The Trust is continuing to strengthen its approach to partnership working and has established a priority to improve it further.

28. The findings underpinning our conclusion are summarised in [Table 14](#).

Table 14: stakeholder engagement and partnership working

Strengths/developments	Challenges/risks/opportunities
<p>The establishment of the EASC has facilitated an increased collaborative approach with partners.</p>	<p>The Trust has undertaken a review of its complaints process (Putting Things Right (PTR)) and developed a 100 Day Action Plan as a result. However, the action plan has not yet progressed as far as planned.</p>
<p>The Year One Priorities Plan sets as one of its priorities in 2015-16 to develop a stakeholder engagement plan to help further improve partnership working.</p>	
<p>A community engagement strategy has been developed including a partner and stakeholder mapping exercise</p>	

Appendix 1

2014 structured assessment recommendations

The 2014 structured assessment recommendations and a summary of progress made against each are set out below.

Recommendation	Summary of progress
Financial planning and management	
<p>1. Actual performance against individual savings projects is not reported to the Board nor is any commentary provided on the progress of key savings plans such as the rota review. It is recommended that the Trust enhances its financial reporting to provide regular commentary to allow the Board to make appropriate challenge and fully informed decisions.</p>	<p>Our recommendation from 2014 to improve the reporting of savings performance by reporting actual progress of individual savings plans to Board has been fully addressed. Variances from the savings plan are now detailed by individual project in an annex to the Board finance report.</p>
Arrangements for governing the business	
<p>2. The Trust revised its governance structures but non-executive directors are not always clear on their role on the Strategic Transformation Board (STB), where a number sit as observers, or reporting lines through committees of STB-related matters. The Chair is reviewing the effectiveness of committee arrangements. This review should aim to clarify roles and responsibilities as well as reviewing structures, the frequency of meetings and the relative balance of business between committees.</p>	<p>The Chair completed his review of the committee structure, making changes to improve the balance of agendas and to clarify roles. The Strategic Transformation Board has been ceased, with governance of large programmes now undertaken principally by the Executive Board, as the Portfolio Board. The balance of quality, performance and finance issues has been shared out between two committees (instead of the previous one) – QUEST and Finance and Resources.</p>

Recommendation

3. A new performance management framework is being developed including improved performance reporting to senior managers and the Board. Reporting could be improved further with more benchmarking, clearer performance forecasting and discussions with the Welsh Government on how to achieve more timely reporting within the national reporting framework. As the Trust agrees its Integrated Medium Term Plan the performance report should be revised to ensure it reports on progress against meeting strategic objectives.

Summary of progress

Our recommendation from 2014 to improve performance reporting has not been addressed. Though the format of the report has been improved the use of external benchmarking to compare performance and the forecasting of year-end performance have not been included. Performance is also still reported to Board two months in arrears. Changes to the performance report are dependent on the emerging planning and performance framework and the report will need to be further enhanced to align with strategic objectives arising from the IMTP and the new Clinical Model performance framework.

Enablers of effective use of resources

4. To improve the learning from service user and partner feedback the Trust has set up an Organisational Learning Group. However, capacity constraints mean the Group has not met as frequently as expected. The Trust should review the effectiveness and impact of this group on making changes as a result of service user feedback.

The Organisational Learning Group has been revitalised and is now chaired by the Medical Director. It has met several times over recent months to agree firstly its way of operating and to revise its Terms of Reference and then to review case studies to share learning. The Group intends to review a small number of risks in-depth each year identified from patient and user feedback.

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