

# Structured Assessment 2020 – Aneurin Bevan University Health Board

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# Summary report

## About this report

- 1 This report sets out the findings from the Auditor General's 2020 structured assessment work at Aneurin Bevan 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 and Social Services 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 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.<sup>1</sup> 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<sup>2</sup> where these related to important aspects of organisational 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.

<sup>1</sup> The conduct of our work was co-ordinated with Internal Audit's rapid governance review, which included testing of key controls noted in this report.

<sup>2</sup> Previous recommendations can be found in [our 2019 report](#).

## Key messages

- 6 Overall, we found that the Health Board maintained good governance quickly adapting its governance arrangements to respond to the challenges of the pandemic. Financial management remains robust but ongoing COVID-19 costs risk financial deficit. Quarterly plans set out the safe restart of planned services and resources required, although reporting of delivery is not yet established.
- 7 A stable and resilient Board has led the organisation during the pandemic, with steps taken to support open conduct of business and rapid decision making. The Board remains committed to continuous improvement and to learning lessons to shape and strengthen governance arrangements.
- 8 The Health Board has strengthened aspects of board assurance and risk management and maintained important assurance mechanisms during COVID-19, but further opportunities exist. Strategic risks are clearly articulated, and the corporate risk register refined, but systematic Board oversight of risks to delivering quarterly operational plans is not yet in place. The Health Board is maintaining systems of assurance for quality and safety for both patients and the workforce and progress against audit recommendations continues to receive scrutiny and challenge.
- 9 The Health Board has a track record of meeting its financial duties and in 2019-20 it achieved break even and met its financial duties to break even over a three-year rolling period. The Health Board is working to deliver its financial plan, but ongoing COVID-19 costs are likely to result in failure to break even in 2020-21. At the end of July there was an estimated shortfall of savings of £28 million and a forecast deficit at the year-end of £68 million
- 10 Quarterly operational plans were developed in a timely way. The quarterly plans are informed by data modelling and reflect Welsh Government guidance as well as important elements of the Health Board's Clinical Futures Strategy<sup>3</sup>. Resource plans are focused on ensuring adequate staffing and planned care capacity with a focus on developing agile and new ways of working. The Health Board has yet to report on delivery of its quarterly plans with formal reporting expected in November.
- 11 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.

<sup>3</sup> The Clinical Futures Strategy is the Health Board's long-term strategy for modernising clinical services across primary, community and secondary care.

# Detailed report

## Governance arrangements

- 12 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. We also reviewed the progress made in addressing our previous recommendations in relation to the development of the board assurance framework and the quality of the corporate risk register. We found that **the Health Board has maintained overall good governance during the pandemic.**

## Conducting business effectively

**A stable Board has led the organisation during the pandemic, with steps taken to support open conduct of business, rapid decision making and continuous governance improvements**

### **The Health Board took reasonable steps to conduct business in an open and transparent way during the pandemic**

- 13 Given restrictions on public gatherings and social distancing regulations due to the COVID-19 pandemic, the Board is unable to hold meetings in public with board and committee meetings held virtually. The first board meeting during the pandemic was held on a quorate basis given the limitations of technology at that time and to comply with social distancing requirements. Independent Members (IMs) unable to join the meeting were invited to submit questions in advance to help maintain a focus on key business. These questions were considered in full and captured in the minutes. Board members have been able to join all subsequent meetings and the practice of submitting questions in advance of board (and committee) meetings continues.
- 14 Board members are adapting to the virtual meeting environment with meeting etiquette set out at the start by the Board or committee chairs. Board members are now more familiar and gaining experience with the virtual meeting arrangements, including using the available software functions to raise questions during meetings. There have been a few minor IT connectivity issues, but these have not hampered the conduct of meetings and more formal training for board members on using virtual meeting technology is planned.
- 15 To facilitate as much openness and transparency, the Health Board aimed to publish agendas and papers as far as possible in advance and to produce timely written summaries of key components and meeting minutes. Although meeting summaries and minutes were drafted quickly, the Health Board did not achieve its ambition to publish these on its website within two to five working days as intended. It did, however, quickly share the summaries with partners. Since June, board meetings have been live streamed via the Health Board's YouTube TV

channel enabling the public and other stakeholders to watch. Signposting and accessible weblinks are now clearer and timelier. Committee meetings are not yet live streamed, but this is currently subject to discussion by the Board Secretary peer group and the Welsh Government.

- 16 The Health Board communicated regularly during the pandemic with the Community Health Council (CHC) and other partners, such as the leaders and Chief Executives of local authorities, Powys Teaching Health Board and the Welsh Ambulance Service, especially where decisions resulted in changes to service provision. The Health Board also used the Clinical Futures communications workstream to engage with the CHC, while the Associate Director for Engagement was tasked with engaging with the CHC during COVID-19. Since March, the CHC has been invited to the virtual board meetings to observe and asked to contribute where appropriate. The Health Board has also made extensive use of social media to engage with the public, for example running live question and answer sessions on important topics like restarting services.

### **The Health Board quickly and effectively adjusted its governance framework to respond to the challenges of the pandemic**

- 17 In February 2020, the Health Board established emergency command and control structures across all levels of the organisation in order to respond to the pandemic strategically, tactically and operationally. The Chair of the strategic group rotated amongst four executive directors enabling the Chief Executive to maintain regular communication with partners and stakeholders during what was a rapidly changing public health emergency.
- 18 The Health Board established a mechanism to track the plethora of COVID-19 related guidance at the beginning of the pandemic. The Tactical Group, through its communication cell, manage the guidance log and tracker with updates reported to each Strategic Group meeting. Clear reporting arrangements ensure daily information flows across the command and control structure and across the organisation.
- 19 The Health Board proposed revisions to its governance framework based on Welsh Government guidance and advice, which the Audit Committee scrutinised at its April meeting. The revised governance framework and changes to the Scheme of Delegation were approved through Chair's Action the following week and subsequently ratified by the Board in May. Chair's action was supported by a more detailed paper setting out the organisation's approach to adjusting and upholding good governance during the pandemic. Although not easily accessible via the Health Board's website, this paper describes ways of working, arrangements for communication, transparency and openness, decision making and variations to Standing Orders.
- 20 Revisions to the governance framework led to the temporary suspension of Board committees, except the Audit Committee, Quality and Patient Safety Committee

and the Mental Health Act Monitoring Committee. The latter could meet as and when necessary with matters kept under review by the Committee Chair and lead executive officer. In June, the Planning and Strategic Change Committee resumed given the Health Board's intention to bring forward the early opening of the Grange University Hospital (GUH) from November 2020. Matters usually reserved for individual committees were delegated to the Audit Committee and Quality and Patient Safety Committee or considered by the Board.

- 21 Temporary changes to delegated limits enabled the strategic and tactical groups and the Health Board's Cost Advisors on the GUH project to authorise spending to ensure business continuity. Approval processes where spending decisions exceeded the revised delegated limits were also made clear. To improve resilience and responsiveness, additional signatories (one executive director and one IM) were also approved. At the end of June, the Executive Team recommended that changes to the Scheme of Delegation be retained while the command structure remains in place. The Audit Committee approved the recommendation at its July 2020 meeting with Chair's action taken shortly afterwards and ratification by the Board in September. The temporary changes to the Scheme of Delegation will be formally reviewed again in December but the Health Board has indicated that changes are likely to remain in place until the end of March 2021.
- 22 The Health Board has maintained its scheduled cycle of board meetings and those of the standing committees during the pandemic. The Board Secretary maintains a log of planned business and actions and decisions paused during the pandemic to be followed up at a more appropriate time. Given the limited time available to prepare reports during the pandemic, agendas and meetings have been shortened to focus on business-critical matters related to decisions or required assurance. Patient Stories were also suspended as part of the Board's revised approach and re-introduced in September. The intention was to ensure meetings were paper light with information not requiring a decision circulated outside meetings although this has not always been possible.
- 23 Our observations of Board and committee meetings found board members engage and participate fully in meetings with good scrutiny and questioning of the information presented. The submission of questions in advance of meetings is also increasing the breadth and depth of scrutiny and more detailed meeting minutes. Assurance from committees to the Board works well through the committee chairs' written reports. Information to support approval of decisions and to provide assurance on quality, finance and performance has been sufficiently timely.
- 24 The Health Board's documented approach to adjusting and upholding good governance also set out the range of COVID-19 issues, such as staff safety and wellbeing and Strategic Group reports, that should be included on the board agenda. Neither board nor committee agendas have been structured in this way. COVID-19 urgent issues are documented in papers received by the Board, such as the COVID-19 response plan and quarterly operational plans. However, COVID-19 urgent matters were covered in weekly board briefings for Independent Members (see **paragraph 26**). As the Health Board moves into the next phase of planning

and recovery, there are opportunities to agree what information on COVID-19 issues should be routinely reported to the Board or its committees for assurance.

### **The Health Board took the necessary steps to ensure a stable and resilient Board during the pandemic**

- 25 Third and fourth deputies were agreed to ensure board meetings could continue in the event of the absence of the Chair or Vice Chair. Given several board committees were stood down, IMs were invited to observe both the Audit Committee and Quality and Patient Safety Committee to build knowledge and understanding and ensure resilience during the pandemic. The public appointment process was suspended during the pandemic and is expected to resume in September. The Health Board is working with the Public Appointments Unit to prioritise the recruitment of two IMs by the end of the year. The appointments of the Health Board's special advisors were also extended until March 2021 to provide much needed capacity. Two executive director posts were filled in March on an interim basis from within the Health Board to maintain continuity.
- 26 Board briefings for Independent Members were facilitated by Executive Directors and took place weekly, ceasing only at the end of July to enable the Executive Team to take much needed leave. These briefings ensured all IMs were aware of the organisation's response to the pandemic and the associated issues and risks. Briefings covered standing items such as COVID-19 infection rates, expenditure, governance arrangements, staff wellbeing and the quality and safety of care. The Chair met daily with the Vice Chair to ensure business continuity and with individual IMs on a fortnightly basis, while the Chair and CEO met formally twice a week. IMs also received the daily organisation briefing circulated to all staff.

### **The Health Board remains committed to continuous improvement and to learning lessons from the pandemic to shape and strengthen governance arrangements**

- 27 The Board continues to review its effectiveness and in February members took part in another independently facilitated workshop to test progress against a set of actions agreed in 2019. The session also focused on revising the Health Board's approach to risk management and assurance arrangements, culminating in the revised risk management strategy and agreed risk appetite.
- 28 In 2019, we found infrequent review of committee effectiveness and that over the last few years, committees had not prepared annual reports for the Board. The Health Board planned to roll out a more consistent approach to assessing committee effectiveness from early 2020 and to reinstate annual reports. However, the impact of COVID-19 means that neither has happened not least because committees were suspended.
- 29 In May, the Health Board commissioned the Internal Audit service to undertake a rapid review of its adjusted governance arrangements during the pandemic in order

to learn what worked well or could be improved in the event of a second wave. The Health Board also subjected its emergency planning response and command and control structures to informal review. One of its partners on the local resilience forum undertook the review and provided commentary on what was working well as well as suggestions for improvement.

- 30 Last year, we reported on changes to committee structures, some of which had yet to embed fully before the pandemic struck. Recent adjustments to governance arrangements mean that some committees, such as the Finance and Performance Committee, have not met for many months. The revised arrangements have been kept under review by the Chair, Chief Executive and Board Secretary. The Health Board is using the opportunity afforded by COVID-19 to look critically at its governance framework informed by board member feedback and learning from practices implemented during the pandemic. At the time of our audit work, the Health Board was proposing to reduce the number of committees and to refocus their work on outcomes, cost effectiveness, sustainability, staff and patient experience, value for money and continuous quality improvement. A paper outlining the proposals is expected to be discussed by the Board at its November meeting.

## Systems of assurance

### **The Health Board has strengthened aspects of board assurance and risk management and maintained important assurance mechanisms during COVID-19, but further opportunities exist**

#### **Strategic risks are clearly articulated, and the corporate risk register refined, but systematic board oversight of risks to delivering quarterly operational plans is not yet in place**

- 31 In 2019, we were critical of the pace of progress in developing the board assurance framework, the lack of clearly articulated strategic risks in relation to delivery of the Integrated Medium-Term Plan (IMTP) and the quality of the corporate risk register. In a few short months, the Health Board finalised its board assurance framework, which was approved by the Board at its March meeting along with the revised risk management strategy. The board assurance framework captures a small number of principal risks, which predate the COVID-19 pandemic. Principal risks have since been updated to reflect the impact of COVID-19 and the adjustments to the governance framework. A mid-year review of the board assurance framework and risk appetite statement by the Board is planned for October given the COVID-19 pandemic, new operational planning requirements and priorities, new ways of working and delivering services, and the planned early opening of the GUH from November. The Board will receive a formal report on the board assurance framework and risk appetite at its November meeting.

- 32 The Health Board's Strategic Group developed a dedicated COVID-19 risk register identifying specific risks associated with the organisation's response to the pandemic. There is some alignment of the COVID-19 risk register with the corporate risk register and the principal risks set out in the board assurance framework, especially in relation to workforce and financial sustainability. The dedicated COVID-19 risk register is monitored by the Strategic Group and it has been scrutinised once only by the Board, Audit Committee and Quality and Patient Safety Committee and mitigating actions challenged. However, managing the risks on the COVID-19 risk register is integral to delivering the quarter two operational plan. There are opportunities as part of the mid-year review of the board assurance framework to consider the level of scrutiny and assurance required by the Board or its committees in relation to the risks to delivering quarterly operational plans.
- 33 The quality of the corporate risk register has also improved with cause and effect clearly articulated, along with timescales to deliver mitigating actions and progress against actions. The corporate risk register also captures several risks associated with, or caused by, COVID-19. Risk management arrangements for non-COVID-19 risks continue as set out in the risk management strategy with corporate risks assigned a lead executive with oversight and scrutiny provided by either the Board or specified committee. The format of the corporate risk register has changed from the simplified 'risk on a page' format introduced in 2019 to a tabular format with further work planned to capture the outcome and impact of risk mitigation. Committee scrutiny of the new style corporate risk register has recently started.

### **The Health Board is maintaining systems for quality and safety for both patients and the workforce**

- 34 In **paragraph 24**, we refer to the Health Board's documented approach to adjusting and upholding good governance during the pandemic. This document made clear that the Quality and Patient Safety Committee has a critical role in ensuring actions taken during the pandemic are quality and risk assessed and that the organisation acts in the best interest of the public and staff. In addition, the Chair of the People and Culture Committee, who is a member of the Quality and Patient Safety Committee, would ensure that the health and safety of interests of staff are considered by the Committee. The Committee maintained business as usual with relevant assurance and scrutiny of COVID-19-related matters as set out in the Welsh Government guidance note on discharging board committee responsibilities published in early May.
- 35 In 2019, we reported that the timeliness and quality of responses to complaints and concerns were improving but further progress was needed, while patient experience and outcomes were not routinely reported. Work to improve quality governance arrangements continued during the pandemic although the pace of progress slowed given staff from some teams, such as Putting Things Right and Person-Centred Care, were redeployed to front-line roles. In April, the Executive Team agreed temporary processes to support compliance with Putting Things

Right Regulations given front-line staff had limited time to investigate and respond to complaints and incidents. Divisions reviewed all concerns to establish which could be finalised or to ensure letters were sent to all complainants where responses might be delayed. Compliance with the 30-day response target was 71% at the end of June, up from 52% at the peak of the pandemic in April. Serious incident investigations were progressed on a case by case basis with compliance with the 60-day closure target at 62% at the end of June.

- 36 Preparations to roll out patient reported experience measures (PREMs) across divisions was suspended during the pandemic given the Patient-Centred Care Team was redeployed. The Quality and Patient Safety Committee has received information on work to improve inpatient experience given hospital visiting was suspended. Examples include virtual visits using digital technology, establishing an email message service (Message from Home) and an Information and Concerns Helpline managed by the Putting Things Right Team. However, information about the experience of patients in the community or other care settings was not included. The Committee's most recent Patient Experience report (September 2020) provides a narrative account of patient feedback across several service areas, including the community, gathered immediately prior to and during COVID-19. This report also provides examples of staff reflections on new ways of engaging with patients where face-to-face appointments cannot be held.
- 37 In 2019, we highlighted the lack of progress in developing a process for reporting on Healthcare Inspectorate Wales (HIW) recommendations to the Quality and Patient Safety Committee. During the pandemic, the Health Board continued monitoring progress in addressing HIW recommendations related to Maternity Services while it suspended monitoring progress of other recommendations until the summer. The Health Board has developed a new tracker, which the Executive Team will review in October 2020 and will review on a quarterly basis thereafter prior to each Quality and Patient Safety Committee meeting. Therefore, the most recent report to the Quality and Patient Safety Committee did not set out progress against HIW recommendations, but it did highlight areas where significant improvements are needed, including organisational learning. In August 2020, the Board of the organisation met with HIW's Chief Executive and Relationship Manager to receive HIW's draft Annual Report prior to its publication. This was an important discussion regarding the programme of work carried out by HIW in the last year and the Health Board's progress against the recommendations made by HIW.
- 38 As part of the response to COVID-19, the Welsh Government suspended the requirement for 'routine' mortality reviews requesting health boards to focus reviews on deaths of concern. The Health Board continues to undertake mortality reviews focusing on inpatients who died of COVID-19, and cases where there are serious incidents and complaints. The most recent performance report to the Quality and Patient Safety Committee indicates that in June 2020, the proportion of universal mortality reviews undertaken within 28 days of a death was around 38%. Compliance is well below the 95% target and not dissimilar to other points in the

year prior to the pandemic. This is an area that the Health Board needs to focus on to deliver improvements.

- 39 The Health Board has continued to monitor and report to the Quality and Patient Safety Committee on a range of quality metrics. These include healthcare associated infections, including COVID-19, hospital acquired thrombosis, stroke care and inpatient falls, but performance metrics remain hospital focused in line with the NHS Wales Delivery Framework. The Health Board is developing wider quality and patient safety metrics to reflect the breadth of its business as part of the Quality and Safety Assurance Framework approved by the Board in March 2020. Meanwhile, work reviewing quality and safety matters prior to the pandemic is now resuming in earnest. For example, the Executive Team recently agreed a range of refreshed actions for the prevention and management of inpatient falls, while weekly sepsis review meetings have been re-established.
- 40 Staff well-being has been a key priority throughout the pandemic. The Health Board engaged with staff side organisations to support changes in working practices, risk management and staff information and safety, with trade union representatives regularly invited to meetings of the workforce Operational Group.
- 41 The Strategic Group approved a staff well-being plan to mitigate against the psychosocial impact of COVID-19 and a range of well-being initiatives was introduced. Wellbeing initiatives included psychological support to all staff through the internal Employee Well-being Service and the peer support phone line. The Health Board is conducting a series of staff wellbeing surveys and at the time of our work, findings from the first survey were being analysed. In 2019, the Health Board was scoping the feasibility of creating a Centre of Excellence for Employee Well-being and the Executive Team recently agreed its establishment within the grounds of the new GUH.
- 42 The Health Board worked with Public Health Wales to develop guidance and a risk assessment process for staff identified as vulnerable, including staff from Black and Minority Ethnic (BAME) groups. It has subsequently implemented the all-Wales COVID-19 Workforce Risk Assessment Tool with 556 risk assessments completed to date and five staff from BAME groups identified as at high risk. In addition, more than 800 risk assessments have been completed by bank and agency staff who identify themselves as BAME. The Health Board has also shared the all-Wales COVID-19 Workforce Risk Assessment Tool with agency providers to ensure all staff who may be at risk are identified. For staff identified as at risk, the Health Board has facilitated remote working to support those staff shielding or self-isolating or redeployed staff to protect them. Initially, more than 1,200 staff were self-isolating or shielding but with support from the workforce team more than 900 staff were able to return safely to work. At the end of June, 3% of staff continue to shield or self-isolate.
- 43 The Health Board established a clinically led Reducing Nosocomial Transmission Group in June to provide oversight of the COVID and non-COVID pathways, interpret national guidance for local use and to stipulate processes for the safe

restart of essential services. It reports to the Strategic Group. A multidisciplinary task and finish group, chaired by the Head of Health and Safety, was also established. Its purpose is to develop and implement systems and processes to ensure adherence to social distancing requirements. A risk assessment process was devised and disseminated for completion by all departments and social distancing monitoring audits are undertaken. The group meets weekly and reports to the Tactical Group.

### **Progress against audit recommendations continues to receive scrutiny and challenge**

- 44 In January 2020, the Audit Committee clarified its expectations around the acceptance, implementation and monitoring of audit recommendations within agreed timescales. The Committee's expectations include the framing of recommendations using SMART<sup>4</sup> principles and the process for agreeing recommendations between auditors and officers. The Committee also clarified the type of information required to support evidence of progress, to agree requests to extend implementation deadlines or to close recommendations on the advice of the Executive Team. The Committee is also seeking information about the impact of recommendations on the Health Board as part of the regular updates on progress and when the Committee is requested to close and remove recommendations from the tracker log.
- 45 During the pandemic, the Audit Committee has continued to scrutinise progress against internal and external audit recommendations, regularly challenging the pace of progress given some actions are taking too long to complete. Progress against audit recommendations has slowed further during the pandemic and the Committee sought information about mitigation and deadlines for completion where ongoing delays to implementation pose risks to safety. At its July meeting, the Committee meeting received assurances that the Executive Team had reviewed all recommendations captured on the tracker for their continuing relevance.

<sup>4</sup> SMART – Specific, measurable, achievable, realistic and timebound

## Managing financial resources

- 46 Our work considered the Health Board's financial performance, changes to financial controls during the pandemic and arrangements for monitoring and reporting financial performance. We found that **financial management remains robust but ongoing COVID-19 costs risk financial deficit.**

## Achieving key financial objectives

**The Health Board has a track record of meeting its financial duties, but ongoing COVID-19 costs are likely to result in failure to break even in 2020-21**

### **The Health Board achieved break even in 2019-20 and met its financial duties**

- 47 The Health Board maintained its track record of achieving break even in 2019-20 and retained a very small surplus (£32,000). It also delivered planned savings totalling £16.8 million, which included income generation and accountancy gains. The Health Board also remained within its capital expenditure limit of £132.4 million with a small underspend of £28,000. The impact of COVID-19 means it is carrying forward 2020-21 discretionary capital funding totalling £782,000 with Welsh Government approval. It also met financial duties to break even over a rolling three-year period from 2017-18 to 2019-20 and to have an approved IMTP for the period 2019-20 to 2021-22.
- 48 The year-end position also included £1.1 million of revenue expenditure related to COVID-19. Over half (55%) of these additional COVID-19 costs were offset by reductions in expenditure across the Health Board with the remainder covered by funding from the Welsh Government. The Health Board also received additional all-Wales Capital funding in March to support its response to COVID-19 to cover essential building works, equipment and IT requirements. It expects to incur most COVID-19-related costs during 2020-21.

### **The Health Board is working to deliver its financial plan but ongoing COVID-19 costs risk financial deficit at the end of 2020-21**

- 49 The Health Board continues to delegate budgets against an agreed set of resource allocation principles. At its March 2020 meeting, the Board approved the 2020-21 financial plan, the delegation of operational budgets and the capital plan totalling £90.4 million. In previous years, the Health Board has created a reserve to provide contingency for financial risks as part of the budget delegation process. Except for planned commitments totalling £6.5 million, the Health Board is not holding

contingency funding to cover divisional deficits, increasing further the need to achieve savings this year.

- 50 To achieve financial balance in 2020-21, the Health Board set a savings target of £33.4 million (including £7 million of operational efficiencies) to address cost pressures, and to support the shift of resources in line with its priorities. The Health Board estimates a shortfall in savings of around £28 million because of the ongoing response to COVID-19. At the end of July, it had achieved only £2 million of savings.
- 51 In April, the Health Board prepared a COVID-19 financial plan for the first four months of 2020-21 to sit alongside the IMTP. The COVID-19 plan was based on an assessment of the net financial impact of COVID-19 with an estimated cumulative cost of £30.2 million up to the end of July. Total reported spend on COVID-19 to the end of July was £26.5 million of which the Health Board met over three-fifths (62%) from planned cost reductions and slippage on planned investments due to COVID-19.
- 52 The Board and Audit Committee receive detailed and timely information at each meeting to enable effective scrutiny of financial performance, including achievement of savings and cost drivers related to COVID-19, financial risks and cost implications. Comprehensive verbal updates are provided given the pace at which changes are taking place, including the financial implications of other material matters. The information in the finance reports is consistent with figures and budget variances reported each month to the Welsh Government.
- 53 In addition, the Chair of Finance and Performance Committee and Special Board Advisor (Finance) were asked on behalf of the Board to oversee the work being undertaken by the Finance Director on the challenges and cost effectiveness of services, the Health Board's financial plan for 2020-21 and the use of extra resources required during the pandemic. Their conclusions are reported back to the Chair and the Board with information relating to these activities circulated accordingly.
- 54 The Health Board recognises the need to continually assess and manage the financial impact of COVID-19 alongside the impact of delivering non-COVID services, if it is to achieve overall financial balance in 2020-21. It continues to indicate that costs of addressing the COVID-19 pandemic cannot be contained within the funding it has available. At the end of July, the Health Board had a deficit of £8.05 million against the IMTP with a projected out-turn deficit of £68.7 million, which it attributes to COVID-19. The forecast deficit includes estimated costs of making available part of the GUH earlier than planned and bringing forward the opening from November 2020 as part of the Health Board's planned response to COVID-19.

## Financial controls

### The Health Board made the necessary changes to financial controls in response to COVID-19 with mechanisms established to assess compliance

- 55 The Board approved the temporary changes to its Scheme of Delegation (see **paragraph 21**) with oversight of spending decisions made by the Strategic and Tactical Groups remitted to the Audit Committee. Internal Audit's rapid governance review found that expenditure was authorised in accordance with the revised authorisation limits. They also highlighted opportunities to improve the information recorded in decision logs and to implement a decision-making framework clarifying tiers of authorisation.
- 56 The Health Board established a mechanism to track COVID-19-related expenditure and any other changes in operational expenditure as a result of suspending usual activity. Internal Audit's rapid governance review also found that expenditure coded to the COVID-19 cost centre codes was actively reviewed by the finance team to ensure requisitions were appropriate and quickly authorised.
- 57 COVID-19 expenditure is captured on the monthly monitoring returns to the Welsh Government, which are shared with the Board. The Board and Audit Committee regularly receive information on COVID-19-related expenditure and the impact of responding to COVID-19 on planned savings and efficiencies and investments.
- 58 In order to support suppliers' cash flow during the pandemic, the Health Board changed the way payments are made for invoices under £500, whereby payment is made when an invoice is presented, not the receipt of goods. At the time of reporting, the Health Board is working with colleagues from NHS Wales Shared Services and Procurement to ensure retrospective checking of payments.
- 59 The Health Board is working to address Internal Audit recommendations to strengthen financial controls related to capital systems within the estates department and procurement. The Audit Committee continues to approve financial control procedures, including the procurement policy, which the Health Board recently updated.

## Operational planning

- 60 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 it is safe and practicable to do so. We found that **quarterly plans set out the safe restart of planned services and resources required, although reporting of delivery is not yet established.**

## Developing quarterly operational plans

### **Quarterly plans were informed by data modelling, developed in a timely way and reflect Welsh Government guidance and important elements of the Clinical Futures Strategy**

- 61 The IMTP process for 2020-23 was suspended to allow organisations to focus on COVID-19 planning and to direct resources to operational challenges. The 2019-22 IMTP remains extant but in the short term, NHS bodies are required to develop iterative operational plans for each quarter. These quarterly operational plans set out preparations for future peaks of COVID-19, the provision of essential services, which feature as priorities for action in the Health Board's IMTP, and the restart of routine services where safe to do so.
- 62 The Health Board quickly developed its quarterly operational plans based on Welsh Government guidance and with draft plans submitted on time pending Board consideration and approval. Given the speed with which the quarterly plans were developed, IMs were not engaged in agreeing operational priorities and instead kept informed about priorities through regular briefings and attendance at the recently restarted Planning and Strategic Change Committee.
- 63 In responding to the pandemic, the Health Board accelerated aspects of the Clinical Futures strategy, for example centralising emergency surgery and trauma services ahead of the opening of the GUH and implementing new ways of working, such as video consultations in primary care and outpatients. Using the Welsh Government's Essential Services Framework and professional guidance, the Health Board has assessed whether it is maintaining individual essential services and identified operational risks and priorities for delivery. The Health Board's assessment was included in its quarterly plans, including an indication of how patients are being prioritised based on clinical need or condition.
- 64 The Health Board is balancing restarting services with the need to maintain essential services and the ongoing need to contain and treat COVID-19. The priority is to re-establish routine services for outpatients and diagnostics and planned surgery. COVID-19 demand and capacity plans are informed by the Welsh

Government's data model and actual experience, such as sickness absence rates and bed occupancy, during the first wave of the pandemic. The quarter two plan is also underpinned by a series of specialty delivery plans, which were informed by the Health Board's Reducing Nosocomial Transmission Group and ethical framework, as well as national and expert professional guidance.

## Resources to deliver the plan

### Resource plans are focused on ensuring adequate staffing and planned care capacity with a focus on developing agile and new ways of working

- 65 The Health Board, like others, faced significant challenges due to COVID-19 in relation to staff working arrangements and workforce planning to meet demand in a rapidly changing environment. The Health Board acted quickly to respond to these challenges including:
- rapidly developing a set of policies and procedures covering homeworking, staff testing, sickness absence, recruitment and deployment;
  - developing a COVID-19 workforce dashboard, which was reported weekly to the Strategic Group; and
  - daily monitoring of sickness absence across four categories (medical exclusion, COVID-19 related sickness, non-COVID-related sickness and stress related sickness).
- 66 The Health Board developed detailed workforce plans to sustain frontline services during the pandemic, including the critical care workforce, staffing surge capacity and preparing for the partial opening of the GUH rather than develop a separate field hospital. Workforce plans assume overall staff absence at 20%, usual rates of turnover and opportunities to redeploy clinical staff. The Health Board offered fixed-term or permanent employment contracts to 112 staff <sup>5</sup> to directly support COVID-19 surge workforce plans with these staff accounting for roughly 25 to 30% of the workforce required. Additional staff to support any surge will be drawn from the Health Board's resource bank, which engaged 500 new staff. Risk assessments have been completed to assess workforce risks related to the early opening of the GUH in November as part of the Health Board's response to COVID-19 and winter pressures.
- 67 The Informatics Team has also seen significant increase in demand across all of its services during the pandemic and demand is not reducing, affecting its ability to meet existing priorities. To address this the Informatics Team has identified critical

<sup>5</sup> These staff include Registered Nurses, Healthcare Support Workers, Patient Care Assistants and Facility Operatives.

areas where investment is needed to create capacity and deliver the Health Board's Digital Strategy and support agile working.

- 68 The Health Board's quarterly plans are underpinned by a financial assessment of the impact of COVID-19 based on operational planning assumptions and forecasts related to bed capacity and the required workforce.
- 69 The Health Board worked with its contractors to prepare the partial opening of the GUH in case additional COVID-19 surge capacity was required. To date, it has met COVID-19 demand utilising existing capacity. Full opening of the GUH is planned from November 2020. At the time of our audit work, the Health Board did not anticipate requiring broader regional field hospital capacity with the potential for regional working in the context of field hospitals, winter planning and increasing routine activity to be considered as part of its planning for quarters three and four.
- 70 The Health Board took the opportunity of using the Welsh Healthcare Specialised Services Committee secure contract to commission the independent sector to provide some essential services, like urgent surgery and diagnostics. It plans to commission similar arrangements going forward to ensure a 'COVID secure' site for elective care in the event of a second surge of COVID-19.
- 71 The quarterly plans describe a range of new ways of working introduced in response to COVID-19 with many of these integral to the ongoing delivery of essential services and the restarting of routine services given social distancing requirements. New ways of working are being evaluated to ensure the Health Board maintains and embeds them as part of future service delivery where appropriate. The Health Board's ABCi <sup>6</sup> team is also conducting a survey to capture examples of innovative practice during this period. At time of our audit work, the outcome of this evaluation and survey work had yet to be reported to the Board or its committees.
- 72 COVID-19 also accelerated the roll out of agile working practices (where, how and when work is undertaken) across the Health Board with staff who could work from home encouraged to do so. All corporate staff were surveyed about their experiences of agile working during the pandemic with responses generally positive. The agile working survey was recently revised following feedback from corporate staff and at the beginning of August the survey was rolled out to all staff. The Health Board launched its Agile Working Framework/Toolkit in early August.

## Monitoring delivery of the operational plan

### The Health Board has yet to report on delivery of its quarterly plans

- 73 Although the national performance monitoring arrangements have been largely suspended, the Health Board has maintained oversight of the national outcomes

<sup>6</sup> The Aneurin Bevan Continuous Improvement (ABCi) team work to support Health Board colleagues to improve services and to find new ways of working.

and performance framework. Performance has been affected both positively and negatively by COVID-19. For example, cancellations of elective activity have led to a significant increase in the number of patients waiting more than 36 weeks for treatment while waiting times in emergency departments improved due to a large reduction in attendances. The most recent performance report provides a snapshot of performance compared with pre-COVID-19 periods to identify the impact on services but no information quantifying the potential harm caused by the reduction in healthcare activity during the pandemic.

- 74 The quarter two plan highlights a range of priorities against which to monitor delivery, but the Health Board has yet to report on delivery. In respect of performance against the quarterly operational plans, the Health Board has indicated that a formal report will be presented to the November board meeting. There is opportunity for the Health Board to provide a clearer indication of the actions, milestones and outcomes it aims to achieve in its operational plan for quarters three and four. This will make it easier for monitoring progress and delivery.



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