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Structured Assessment 2016 – **Velindre NHS Trust**

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Summary report

Context

1 Structured assessment examines the arrangements in Velindre NHS Trust (the Trust) that support good governance and the efficient, effective and economic use of resources. In previous years, the work assessed the robustness of financial management arrangements, the adequacy of governance arrangements, the management of key enablers that support effective use of resources, and the progress made in addressing previously identified improvement issues.

2 Our 2015 work found that 'Arrangements to support good governance and efficient, effective and economical use of resources continue to evolve, with good progress in many areas. Financial management is sound and whilst the Trust anticipates it will break even, there are financial challenges that require further attention'.

3 Structured assessment work in 2016 has again reviewed the Trust's financial management arrangements and the progress made in addressing the previous year's recommendations. This year, we have also carried out comparative work in three areas. The selected areas and the scope have been informed by our analysis of all-Wales issues and discussion with board secretaries. The areas of comparative work include:

- the format of financial reporting to boards;
- arrangements for developing Integrated Medium-Term Plans (IMTPs) and monitoring and reporting on the delivery of these plans[1]; and
- approaches for mapping risks and assurances and developing a board assurance framework[2].

4 This report details our local audit findings for the Trust. On finalisation of local audit reporting, we will complete all-Wales analyses on the three areas of comparative work, to share with NHS organisations and relevant all-Wales fora, such as directors of finance, directors of planning and board secretary groups. We hope this approach will support learning, by sharing approaches and good practice across NHS organisations. Publication of our comparative analysis of IMTP development and reporting will be coordinated with that of the Auditor General's national report on the National Health Services Finance (Wales) Act 2014, planned for early in 2017.

[1] Where there is no approved IMTP, we have considered the annual plan.

[2] A board assurance framework sets out the risks to achieving corporate objectives, the internal controls for mitigating those risks and the assurances the board needs to know that controls are effective and risks are being managed.

5 We have based our findings on interviews, committee observations, reviews of documents and performance data, information returns from board secretaries and directors of planning and the results of a survey of Board members. Across Wales some 119 Board members responded to our survey, a response rate of 59%. This included eight responses (50% response rate) from the Trust. We would like to thank those who responded to our survey for their time and input.

Key findings

6 Our overall conclusion from 2016 structured assessment work is that governance and assurance arrangements have improved again this year and whilst financial management remains generally sound, the Trust is at risk of not achieving financial balance. We have summarised the reasons for reaching this conclusion below.

Financial management

7 In reviewing the Trust's financial planning and management arrangements we found that the Trust continues to control budgets and monitor saving plans effectively but the Trust is at risk of not achieving financial balance this year.

Financial planning

8 The Trust has effective financial planning arrangements and budgets are shaped by strategic priorities but the financial plan assumed an increase in funding that the commissioners had not agreed. Financial planning roles and responsibilities are clear and budgets are shaped by the Trust's approved IMTP for 2016-17 to 2018-19. However, the Trust has not identified savings schemes beyond 2018-19.

Financial control and stewardship

9 The Trust's in-year financial controls appear to operate effectively to ensure appropriate stewardship. The Trust has a clear financial control framework, in which the Audit Committee and Internal Audit play an active part. Our report on the 2015-16 financial statements did not identify any material weaknesses in the Trust's financial controls.

Financial monitoring and reporting

10 Financial reporting arrangements provide reasonably robust information for board decision making and support corrective action if required. Internal and external reporting are consistent and financial reporting to the Board is well structured. There is further scope for improvement, for example by including narrative to provide greater insight and analysis of underlying issues.

Financial performance

11 The Trust delivered against its financial targets in 2015-16 but is at risk of not achieving financial balance this year. The Trust's overall position masks the different financial positions within its core divisions. In the Trust's view, the accumulated deficit within the cancer centre is a consequence of unfunded cost pressures over the last five years.

Governance and assurance

12 In reviewing the Trust's corporate governance and board assurance arrangements we found that the Trust's approach to governance and assurance is generally sound and improving although we have highlighted some further areas for improvement.

Strategic planning and reporting

13 The Trust has made steady progress in developing its IMTP through increased planning capacity and improved modelling. Scope remains to strengthen scrutiny of IMTP delivery and to integrate various strategies. In reaching this conclusion we found:

- **development of the IMTP:** development of the IMTP aims to be inclusive and bottom-up, and Board members believe the IMTP process has resulted in improvements in the Trust's approach to planning.
- **integration between the IMTP and other plans:** the Trust has this year been engaged in a large amount of strategy development. Some staff told us there was a need for the Trust to do more to join up these various strategic developments.
- **roles and responsibilities in relation to the IMTP:** the Trust has clear roles, responsibilities and accountabilities in relation to the IMTP. By including discussion of the IMTP in all annual appraisals, the Trust is attempting to embed the IMTP as an integral part of working in the organisation.
- **scrutinising delivery of the IMTP:** our observations at Velindre's Board and committees noted that scrutiny of the IMTP delivery continues to be limited in time and detail.
- **delivering strategic change:** large-scale change is becoming more common at Velindre. The Trust has not yet fully implemented last year's recommendation about risk assessing the adequacy of capacity to deliver change. However, the Trust is considering introducing training and a standardised approach to programme management.

Board and committee assurance and effectiveness

14 The system of assurance is generally effective and while the Trust has made good progress on improving Board and committee effectiveness, there is some further scope for improvement. The reasons for reaching this conclusion are set out below.

15 **System of board assurance**: the Trust's approach to designing its system of assurance appears to be largely effective although further benefits might be secured by taking a more systematic assurance mapping approach. We came to this conclusion because:

- whilst the Trust has a largely effective process for setting corporate objectives, we would like to have seen a more systematic approach to mapping and managing the risks and threats related to these corporate objectives.
- whilst the Trust has made good progress on improving risk management, the Trust needs to clarify the process for closing down risks. It also needs to use the opportunity of forthcoming internal audit work on risk management to further examine the effectiveness of escalating risks from divisional level to corporate level. The Trust may also benefit from learning from other health bodies, where risk management focuses on operational risks as well as the risks to delivering the organisation's corporate/strategic objectives.
- whilst the Trust has set out an intention for committees to self assess their effectiveness every year, not all committees are carrying out these self assessments.

16 **Board and committee effectiveness**: the Trust has made good progress with matters we previously raised. We also identified further scope to improve the functioning of some committees. We came to this conclusion because:

- Board members believe there is a culture of transparency within the Trust, although more work is required to comply with a recent Welsh Health Circular on transparent public reporting;
- whilst we do not have any specific concerns about the Trust's use of private, in-camera sessions, the Trust should keep this approach under review;
- the Trust has taken decisive action to address issues we raised last year about Board succession planning and about performance management;
- following feedback of our interim findings, the Trust has taken positive steps to strengthen the use of committee highlight reports; and
- our detailed report highlights some specific ways in which some committees can improve the way they work.

Organisation structure

17 The Trust is on a journey towards closer working between the divisions and is liaising with Welsh Government to clarify its governance remit for hosting the NHS Wales Informatics Service (NWIS). In reaching this conclusion we found:

- the Trust has taken the positive step of holding Board meetings at the Welsh Blood Service (WBS) as well as Trust headquarters.
- there are mixed views from staff about the current levels of integration between the Trust divisions.
- the Trust has run a range of cross-organisational events and workshops with the aim of improving working across the divisions.
- the arrangements for hosting bodies within Velindre remain complex and this year the arrangements have continued to change. The Trust is liaising with Welsh Government to work towards greater clarity of Velindre's hosting responsibilities in relation to the NWIS.

Progress in addressing issues from previous structured assessments

18 The Trust has made good progress in addressing issues from previous structured assessments although this year we note issues with tracking of audit recommendations. In reaching this conclusion we found:

- **partnerships:** the Trust has completed implementation of our previous recommendation on partnerships. Nevertheless, the Trust's relationship with its commissioners has this year emerged as a key risk.
- **tracking audit recommendations:** whilst the Trust has a clear process for tracking the implementation of recommendations through the Audit Committee's Audit Action Plan, this year there have been problems caused by updates on management actions not being provided to the Audit Committee in a timely manner.
- **workforce and organisational development (OD):** the OD strategy is a potentially important development for the Trust. Sickness absence remains an issue although more staff are now receiving annual appraisals. Recruitment delays are placing some additional pressures on staff.
- **information and management technology (IM&T):** our IT audit team's risk assessment has this year highlighted a number of risks related to resources, risk management, leadership change and the main cancer IT system.

Recommendations

19 Recommendations arising from 2016 structured assessment work are detailed in Exhibit 1. The Trust will also need to maintain focus on implementing the 2015 recommendations that are not yet complete.

20 The Trust's management response detailing how it intends responding to these recommendations will be included in Appendix 1 once complete and considered by the relevant committee.

Exhibit 1: 2016 recommendations

The following table sets out the 2016 structured assessment recommendations.

2016 recommendations	
Financial reporting	
R1	The Trust should review the content of its finance reports to the Board. The review should consider whether balance sheet monitoring information, a summary of risks and their potential impact and overspends linked to an analysis of the underlying issues would provide more insight.
Committee governance self-assessments	
R2	The Trust should ensure all Board committees complete an annual self-assessment of their effectiveness.
Transparency of public reporting	
R3	The Trust should ensure it complies with all requirements of the Welsh Health Circular WHC/2016/22 on transparent public reporting.
Operation of committees	
R4	The Trust should carry out a reflective assessment of its use of Part B, in-camera committee sessions. The assessment should focus on the agenda items considered in Part B sessions and whether it would have been more appropriate to consider these items in public.
R5	Based on a self-assessment and review of the terms of reference for the Research and Development Committee, the Trust should produce a time bound plan for clarifying the role and strengthening the effectiveness of the committee.
R6	To facilitate better attendance and wider engagement in committee meetings, as well as to reduce the time and cost associated with staff journeys, the Trust should set a specific target for increasing the use of video conferencing facilities.
Risk management	
R7a	The Trust should review its process and responsibilities for closing down risks that appear on the corporate risk register.
R7b	The Trust should use the forthcoming internal audit on risk management to get a detailed view on the effectiveness of escalating risks from divisional level to corporate level.

2016 recommendations	
R7c	The Trust should standardise the format of its various risk registers, ensuring the good practice elements of each register are spread across the organisation.
Local Partnership Forum	
R8	The Trust should review the remit and terms of reference for the Local Partnership Forum, given that divisional-level partnership groups appear to be providing a better forum for union engagement.
Tracking audit recommendations	
R9	The Audit Committee should strengthen its scrutiny of management responses to audit reports, to ensure proposed actions are relevant and will resolve the issues referred to in the recommendations.
Information governance	
R10	The Trust should ensure it has a named Senior Information Risk Officer.

Detailed report

Governance and assurance arrangements have improved again this year and whilst financial management remains generally sound, the Trust is at risk of not achieving financial balance

Financial management – the Trust continues to control budgets and monitor saving plans effectively but the Trust is at risk of not achieving financial balance this year

21 Our structured assessment work in 2016 has considered the action that the Trust is taking to achieve financial balance and create longer-term financial sustainability. We have assessed the financial position of the Trust, the approach to financial planning, financial controls and stewardship, and the arrangements for financial monitoring and reporting. We have also considered the progress made in addressing the previous recommendation relating to financial management. Our findings are set out below.

Financial planning – the Trust has effective financial planning arrangements and budgets are shaped by strategic priorities but the financial plan assumed an increase in funding that the commissioners had not agreed

22 The NHS Finance (Wales) Act 2014 (the Act) provides financial flexibility for health boards by allowing them to balance their income and expenditure over a three-year rolling period, rather than each and every year. Health boards are also required to prepare and have approved by Welsh Ministers a rolling three-year IMTP. Welsh Health Circular 2016/054 applies the same principles to NHS Trusts under the powers of the NHS (Wales) Act 2006.

23 The Trust met its second financial duty and had an approved three-year IMTP in place for the period 2015-16 to 2017-18. Its plan for 2016-17 to 2018-19 has also received Ministerial approval.

24 The Trust has a budget planning framework for revenue and capital budget setting that clearly sets out roles and responsibilities. This framework sets out the key financial planning principles and the high-level timetable for the financial planning cycle. In preparing the baseline budget, the Trust rolls forward from the previous year and makes adjustments for any relevant changes agreed with the divisional and corporate directors and to take into account any additional funding such as pay inflation. The Trust then attempts to fill the resulting budget gap through its cost improvement plans (CiPs). Expenditure control limits are delegated to directorates who are responsible for preparing their own financial plans within these limits, in conjunction with budget holders and clinicians. Progress on developing the budget is reported to the Board and there is scrutiny, particularly around the development of CiPs.

25 The Trust has continued to develop its financial plans to achieve strategic priorities, financial balance and to meet quality and outcome measures. The three-year financial plan for 2016-17 to 2018-19 identified a requirement to deliver total savings of £4.2 million over the three years which enabled the Trust to forecast a breakeven position between its income and expenditure for each of the three years covered by the plan. However, future years' savings schemes have yet to be identified.

26 The financial plan for 2016-17 incorporated a funding increase of £1.4 million to the long term agreement (LTA) between the Trust and its commissioners in relation to Velindre Cancer Centre (VCC). The Trust based this increase on the percentage uplift of growth funding received by the health boards in 2015-16. However, the Trust's commissioners had not formally agreed the increase in funding at the time the plan was set (see paragraph 41 for more detail).

27 The financial plan also included a savings requirement of £1.2 million for 2016-17 which had increased to £1.6 million by month three to take account of identified additional pressures. Appropriate arrangements are generally in place to identify potential savings at the start of the financial year which are subject to scrutiny and challenge. However, the targets for the cancer centre were considered to be indicative and required further work. The identification of achievable and recurring savings in the cancer centre continues to be challenging, in part due to unfunded costs pressures over the last five years which necessitate potential savings from vacant posts to be foregone in order to deliver essential services.

28 The Trust continues to face challenges in identifying longer term recurrent savings and has further work to do to implement our 2015 recommendation. Exhibit 2 describes the progress made.

Exhibit 2: progress on the 2015 financial management recommendation

The table describes the progress made against 2015 recommendation relating to financial management.

2015 recommendation	Description of progress
2015 R5: Financial management The Trust should reduce its reliance on non-recurrent savings and identify longer-term plans for savings and funding.	**Some progress made but more work required** A number of recurrent savings have been identified, particularly within WBS. However, the IMTP identifies the saving requirement over the three-years of the plan but longer-term savings schemes have yet to be identified.

Financial control and stewardship – The Trust's in-year financial controls appear to operate effectively to ensure appropriate stewardship

29 The Trust continues to maintain a clear framework of roles and responsibilities. This is underpinned with standing financial instructions (SFIs), standing orders (SOs) and a scheme of delegation which are regularly reviewed and approved by the Audit Committee. Any departures would be reported to the Audit Committee, SOs and SFIs waived are standing items on the Audit Committee agenda.

30 The Trust assesses the risks of financial losses in conjunction with a dedicated Local Counter Fraud officer. The Trust has Counter Fraud and Whistleblowing Policies in place and risks are mitigated through an annual counter fraud work plan. Progress against this plan and any losses identified are regularly reported to the Audit Committee.

31 The Audit Committee plays an active part in the Trust's financial control framework. The Committee meets bi-monthly and formally reviews the SOs, including SFIs. The Audit Committee also scrutinises internal and external audit reports and monitors progress on implementing recommendations (see paragraph 102 for more detail). Responsible managers are required to attend the Audit Committee when progress has not been made or when Internal Audit has reported limited assurance.

32 Internal Audit annually reviews the Trust's financial systems and those managed by NHS Wales Shared Services Partnership (NWSSP) and reviews other systems cyclically, based on levels of risk. Internal Audit confirmed that a generally sound system of internal financial control is in place. The Trust has a strong track record of implementing recommendations for improvement identified by Internal Audit.

Financial monitoring and reporting – financial reporting arrangements provide reasonably robust information for Board decision making and support corrective action if required

33 Effective financial management is important if health bodies are to deliver better health outcomes, services and value for money. In order to focus efforts appropriately and make good decisions, the boards of NHS bodies need robust financial information and insightful interpretation about the organisation's financial performance, which is clearly linked to overall objectives and performance against those objectives, within a strategic context.

34 The Trust monitors its financial position monthly in line with its monthly reporting timetable. The finance department completes its month end reporting process within five working days of the month end, and Welsh Government monitoring returns are submitted by day nine each month. Finance reports are considered monthly at Executive Management Board, Planning and Performance Committee and Board meetings.

35 Drawing on NAO and CIMA tools[3] , we assessed the format of the Trust's financial reporting to Board compared to that of other Welsh health bodies. Our review of the month two finance report found it to be well structured and the information provided was consistent and reliable. The report was easy to read and included a dashboard with red-amber-green (RAG) ratings for key financial targets. A summary of each area flowed from the dashboard. Our comparison with other NHS bodies found that the Trust's finance report format provided stronger reporting on or:

- in-year revenue and capital positions; and
- the identification of and progress against savings targets.

36 We noted scope to improve the timeliness of Board reporting as the month two finance report was presented to the Board on 2 July 2016, 32 days after the financial reporting period end. We also identified opportunities to strengthen some aspects of financial reporting. For example, trends and graphics could be used to summarise or highlight key issues more effectively, monitoring information on cash and balance sheet could be included and a summary of risks and their potential impact on outturn could also be included. Whilst key areas of overspend are identified, there is little narrative to provide insight by linking it to an analysis of underlying issues, for example, activity, cost drivers and service delivery.

37 Clinical and service professionals are fully engaged in the reporting and monitoring process. Regular finance reports are provided to budget holders. These reports are produced monthly and following discussions with finance managers are consolidated into divisional finance reports and used to report to the Board and Welsh Government. We found that internal and external reporting were consistent and the root causes of any variances were identified, reported and acted on.

38 The development of divisional plans was clinician led and savings schemes are subject to review and challenge by Directorate Management Teams before being incorporated into financial plans and scrutinised further by the Planning and Performance Committee and the Board. Progress against the achievement of savings is monitored monthly at all levels of the Trust. Within the cancer centre, there is a Sustainability Board which has been tasked with overseeing the financial management of the cancer centre and actively monitors the achievement of savings.

[3] https://www.nao.org.uk/report/reporting-financial-information-to-the-board-2/ and http://www.cimaglobal.com/Documents/ImportedDocuments/tech_techrep_in_year_fin_forecasting_in_NHS_0807.pdf

Financial performance – the Trust delivered against its financial targets in 2015-16 but is at risk of not achieving financial balance this year

39 The Trust has a track record of achieving its financial targets, delivering financial balance in 2015-16 as in previous years. Although the Trust has been self-reliant in delivering as planned without any financial support from Welsh Government, the overall position masks the different financial positions within its core divisions. Whilst the budgets were set to reflect an expected breakeven position within each division, the Trust acknowledged early in the year that VCC would over spend whilst WBS would under spend.

40 The 2015-16 financial strategy included a savings requirement of £3.636 million. The Trust reported that it achieved £2.65 million (73%) of these savings. The savings not achieved were mainly in respect of service quality and efficiency reviews in VCC. The Trust acknowledged that the recurrent nature of the savings that were not achieved has created additional cost pressures for the Trust going forward.

41 The financial plan for 2016-17 was approved by Board on 17 March 2016 and incorporated a savings requirement of £1.2 million to set a balanced budget. By month three, the Trust had increased the savings requirement to £1.6 million to take account of additional pressures. The plan was based on the assumption of additional funding of £1.3 million to cover pay inflation and national insurance cost increases. In the Trust's view, there is an accumulated deficit within the cancer centre as a consequence of unfunded cost pressures over the last five years. The plan therefore also incorporated a funding increase of £1.3 million to the cancer centre LTA, based on the percentage uplift of growth funding received by the health boards in 2015-16. At the beginning of the financial year, a general 1% uplift to LTAs was agreed amongst NHS organisations which secured £500,000 of the £2.9 million additional funding required leaving an underlying deficit of £2.4 million.

42 The Trust has reported an overspend throughout 2016-17. At month five, the reported overspend was £234,000 and the Trusts latest forecast indicate a potential overspend of £600,000 as the funding increase to the cancer centre LTA has still not been fully agreed.

43 Our work has not identified any evidence that organisational delivery or quality and safety of services could or has been compromised to achieve successful in-year financial performance. Although the cancer centre continues to face significant financial challenges due to demand pressures without any increase in the level of core baseline funding, the Trust has not reduced activity levels to achieve financial targets. A significant element of the savings targets in the cancer centre relate to vacancy management, however, all vacancies are considered for their impact on service quality and if critical are filled as soon as possible. Although, in the Trust's view the cancer centre is not funded for the activity level undertaken, it has absorbed the costs of this extra activity rather than impacting on service delivery or quality.

Governance and assurance – the Trust's approach to governance and assurance is generally sound and improving although we have highlighted some further areas for improvement

44 Our structured assessment work in 2016 has examined the Trust's arrangements for developing an IMTP and reporting on delivery of the plan, and the approach for developing and reviewing a system of board assurance. We have also considered the overall effectiveness of the Board and its governance structures and the progress made in addressing previous structured assessment recommendations and improvement issues. We set out our findings below.

Strategic planning and reporting – the Trust has made steady progress in developing its IMTP through increased planning capacity and improved modelling. Scope remains to strengthen scrutiny of IMTP delivery and to integrate various strategies

45 The findings underpinning this conclusion are based on our review of the Trust's approach to strategic planning[4], monitoring and reporting on delivery of the IMTP. We have also considered the arrangements which support delivery of strategic change programmes underpinning the IMTP and the progress made in addressing previous recommendations relating to strategic and operational planning. Our key findings are set out below.

Development of the IMTP

46 The Trust's Board endorsed the IMTP in March 2016 before submitting the plan to Welsh Government. The Cabinet Secretary for Health Wellbeing and Sport confirmed approval of the plan on 29 June 2016.

47 The IMTP is more than 250 pages long and the Trust recognises that documents of this length can be difficult to read and engage with. The Trust's intention of producing an easy-to-read version of the plan for future years is a good idea.

48 During interviews, staff told us that the approach to developing the IMTP this year has attempted to be inclusive and bottom-up. Some staff told us that the divisions had more control over the planning process this year, as opposed to the process being driven by the corporate planning team.

[4] Audit work has not duplicated Welsh Government's IMTP scrutiny work, but has considered actions taken by NHS bodies in response to any Welsh Government feedback on the plan or plan approval conditions.

49 Board members were engaged in the IMTP through two development sessions. In our survey, Board members at Velindre expressed positive views about the IMTP process in response to our survey of board members. In response to the statement 'I understand the benefits of moving to three-year IMTPs', five respondents strongly agreed, two agreed and one neither agreed nor disagreed. All eight respondents from Velindre expressed positive views about whether the IMTP/NHS Planning Framework had improved the Trust's approach to planning.

50 Board members had more mixed opinions about whether the Trust has quantified the benefits it expects from the IMTP. In response to the statement 'The Trust has quantified the benefits that it expects the current IMTP to deliver', one respondent strongly agreed, four agreed, two said they neither agreed nor disagreed, and one disagreed. Whilst we do not make a recommendation on this matter, the Trust should consider developing a specific benefits realisation plan in relation to its IMTP.

51 In general, health bodies across Wales recognised that their planning resources remain very lean. Velindre told us that it kept its planning capacity under continual review and that it has increased capacity this year. The Trust has created new posts to lead planning in VCC and WBS. The corporate planning team has also expanded.

52 This year we have noted two positive examples of the Trust using detailed modelling information to support strategic and operational planning. The examples were the planning and activity model that supports the Transforming Cancer Services (TCS) business plan and the supply chain diagnostic work within WBS.

Integration between the IMTP and other plans

53 The Trust has this year been engaged in a large amount of strategy development. In addition to development of the IMTP, the Trust has been working on strategies for cancer, radiotherapy, research and development, education, estates, organisational development, innovation and regenerative medicine. In addition to these strategies, the Trust has been delivering large-scale strategic change programmes such as TCS and All Wales Blood Service (AWBS).

54 During interviews, some staff acknowledged that the Trust needs to do more to join up all of the current strategic developments. The Trust has itself acknowledged this by running a cross-organisational planning day, with the aim of improving the linkages between all of the various ongoing developments.

Roles and responsibilities in relation to the IMTP

55 We concluded that the Trust has clear roles, responsibilities and accountabilities in relation to the IMTP. At Velindre, in common with all but one other health body, the director responsible for planning holds overall responsibility for the development of the IMTP. In common with six other health bodies, the Trust does not have a single executive officer who is responsible for overseeing delivery of all aspects of the IMTP. Responsibility for delivering the IMTP is shared between Velindre's executive officers, according to their specific portfolios.

56 In our Board Member survey, three respondents strongly agreed and five agreed that there are clear roles, responsibilities and accountabilities for delivery of the key objectives and actions within the IMTP. The responses to this question in Velindre were broadly similar to the all-Wales responses.

57 Velindre has also taken specific steps to ensure that all staff have a role in achieving the IMTP objectives. By including discussion of the IMTP in all annual appraisals, the Trust is attempting to embed the IMTP as an integral part of working in the organisation.

Scrutinising delivery of the IMTP

58 At Velindre, we concluded that scope remains to strengthen the way that the Board and committees scrutinise delivery of IMTP.

59 In common with the majority of health bodies, the Trust uses key performance indicators and project plans to monitor progress of the IMTP. Also in common with the majority, Velindre reports progress on IMTP delivery to its executive group every month.

60 Board committees play a strong role in monitoring IMTP progress, but unlike most NHS bodies in Wales, this is not through a single committee. At Velindre, all committees have a role in monitoring aspects of IMTP delivery. Each committee meeting considers a performance report that charts progress in delivering the IMTP actions assigned for that committee to scrutinise. Every Board meeting also considers a full performance report which charts progress against all IMTP actions. Whilst Velindre's approach is different in this regard, we have not noted any specific concerns or issues associated with the approach. In fact, we understand the logic of engaging each committee in IMTP monitoring, as a means of embedding the IMTP in all parts of the organisation.

61 Respondents to our Board member survey at Velindre had fairly positive views about the time set aside for scrutiny of the IMTP. In response to the statement 'The Board and relevant committees set enough time aside for effective scrutiny of the current IMTP', two Velindre respondents strongly agreed, four agreed and two said they neither agreed nor disagreed. Board members also had fairly positive views about the information provided to support IMTP scrutiny.

62 Despite the views expressed in the survey, our observations at Board and committees have noted that scrutiny of the IMTP delivery seems limited in time and detail. This repeats a finding from last year's review where we recommended action to strengthen Board-level scrutiny of the IMTP. This year we noted specific examples at Board, Quality and Safety Committee and Research and Development Committee where discussion about IMTP delivery was very brief, despite the IMTP progress report highlighting issues of concern.

63 Exhibit 3 describes the progress the Trust has made in relation to the recommendation we made in 2015 about scrutiny of the IMTP.

Exhibit 3: progress on 2015 IMTP scrutiny recommendation

The table describes the progress made against 2015 recommendation relating to scrutiny of the IMTP.

2015 recommendation	Description of progress
2015 R1: The Trust should strengthen Board-level scrutiny of the aspects of the IMTP that are behind schedule to build on the considerations of these matters at committee-level, and ensure early decisions are taken on any actions required.	**Some progress made but more work required** Our findings on this matter are very similar to last year. Scope remains to strengthen scrutiny of IMTP progress.

Delivering strategic change

64 This year we sought to understand more about approaches to implementing strategic change. Many health bodies have, or are in the process of establishing a change programme office. Velindre has already put in place a programme management office specifically for TCS and has adopted the use of a single programme management methodology to drive project management. Velindre uses the Prince methodology for project management, and is now considering introducing training and a standardised approach to programme management, involving WBS and TCS.

65 Large-scale change is becoming more common at Velindre. This year has seen the implementation of the AWBS, which Welsh Government has noted as a success. This year has also seen the commencement of further large-scale change in relation to the supply chain work at WBS, and also continued progress within the TCS programme.

66 Given the scale of change within such a modestly-sized organisation, last year's structured assessment included a recommendation about the need to risk assess the adequacy of senior leadership capacity to deliver such change. Exhibit 4 describes the progress the Trust has made in relation to the recommendation.

Exhibit 4: progress on the 2015 change management recommendation

The table describes the progress made against the 2015 recommendation relating to change management.

2015 recommendation	Description of progress
2015 R6a: The Trust should carry out a risk assessment regarding the adequacy of senior leadership capacity to deliver large-scale change.	**On track but not yet complete** The Remuneration Committee agreed in May 2016 an approach to risk assess the adequacy of senior leadership capacity for large-scale change. At the time of drafting the Trust had not completed that risk assessment.

67 We asked Board members a series of survey questions about the Trust's track record and future prospects of delivering strategic change. The findings are summarised below:

- in response to the statement 'My organisation has already improved service delivery as a result of the NHS Planning Framework', three respondents strongly agreed, four agreed and one said they neither agreed nor disagreed.
- in response to the statement 'My organisation is likely to improve service delivery in future as a result of the integrated planning regime', three respondents strongly agreed and four agreed.
- when Board members were asked if their organisation had a track record of introducing changes to services that result in sustainable improvements in service delivery, one responded 'always', six responded 'mostly' and one responded 'sometimes'. These responses were more positive than the average position in Wales.

Board and committee assurance and effectiveness – the system of assurance is generally effective and while the Trust has made good progress on improving Board and committee effectiveness, there is some further scope for improvement

68 In this section we based our findings on our review of the Trust's approach to developing a system of board assurance, as well as the effectiveness of the Board and its governance structures. Our key findings are set out below.

System of board assurance – the Trust's approach to designing its system of assurance appears to be largely effective although further benefits might be secured by taking a more systematic assurance mapping approach

69 All health boards and trusts have governance structures and processes in place to seek and provide assurance on the services provided, that risks are being managed and that the organisation is acting in accordance with legal and other requirements. NHS bodies are complex organisations and operate within a dynamic environment. It is, therefore, important that boards keep their governance and assurance arrangements under review and satisfy themselves that the assurances they rely on are proportionate, appropriately targeted and cover the breadth of the organisation's overall risk portfolio.

70 Assurance mapping[5] is an increasingly used tool for systematically identifying and mapping the assurances needed over key risks to achieving organisational objectives. The mapping process can help organisations to highlight any gaps in their assurances, or unnecessary duplication of assurance processes. Such mapping aids the design of an effective assurance framework, which aligns risks and assurances to the appropriate control systems and scrutiny arrangements.

71 We have examined the Trust's approach for developing and reviewing its system of board assurance and how this compares to the approaches adopted by other health boards and trusts in Wales. We found that the Trust does not currently have a systematic approach to assurance mapping and the Trust may benefit from learning from the mapping approaches now being used by other health bodies in Wales. More detailed findings are set out below.

72 We concluded that Velindre appears to have a largely effective process for setting corporate objectives. Chapter 1 of IMTP sets out a 'strategy map' providing a consolidated picture of Velindre's vision, organisational goals, strategic themes and core values. The main sections of the plan provide more detail around these strategic themes, by setting out specific objectives, key actions and desired outcomes.

73 Board members gave positive views in our survey about corporate objective setting. The details are provided below:

- in response to the statement 'The organisation has clearly articulated what success against the objectives will look like', three respondents strongly agreed, four agreed and one neither agreed nor disagreed; and
- in response to the statement 'My organisation's corporate objectives are described in a meaningful way that allows the Board and its committees to track progress over time', three respondents strongly agreed, four agreed, and one neither agreed nor disagreed.

[5] HM Treasury, **Assurance Frameworks**, December 2012

74 We would like to have seen a more systematic approach to mapping and managing the risks and threats related to these corporate/strategic objectives. Through the Delivering Excellence reports that go to each committee, Velindre does consider the risks associated with delivering the actions set out in the IMTP and Velindre also has a corporate risk register that considers a collated picture of risks emerging from the divisions. However, the Trust may benefit from learning from approaches in other health bodies, where in addition to the management of operational risks, the organisation specifically identifies the risks associated with delivering the high-level corporate/strategic objectives. The outputs from our comparative work from across Wales will provide more detail on the approaches being taken by others.

75 Last year's structured assessment report made a recommendation aimed at strengthening the Trust's current process for reporting risks to Board and committees. Exhibit 5 describes the Trust's progress in implementing the recommendation.

Exhibit 5: progress on the 2015 recommendation on risk management

The table describes the progress made against the 2015 recommendation on risk management.

2015 recommendation	Description of progress
2015 R4a: The Trust should improve the process for reporting the risk register to Board and committees to ensure valuable time is not used discussing minor inaccuracies in the register.	Complete – although we now make a new recommendation on risk management. The Trust has revised its corporate risk register this year, working with the leads assigned to each risk, to review the narrative and timescales for action. Observations suggest fewer problems with inaccurate information in the register, although the current process will always result in committees considering a dated version of the register. The Trust has taken other positive actions in relation to risk management. These actions include risk workshops with directors and first line reports, a risk appetite session with IMs, work to refine and clarify risk statements, improvement of the risk recording form, a refresh of the VCC risk register, and inclusion of the TCS risks within the Trust register where appropriate. Further scope remains to improve risk management. The Board has recognised the need to clarify responsibilities for closing down risks and has discussed concerns that the current risk process varies by committees and that ultimately the process may not be capturing all of the most important risks in the corporate register. Interviewees also told us about scope to improve the process for deciding which of the divisions' risks should appear in the corporate level register.

2015 recommendation	Description of progress
	There is also scope to improve the presentation of the corporate risk register. The majority of the text included in the May 2016 Board risk register was in red font, which defeats the object of traffic light reporting approaches. The corporate register might benefit from adopting some of the presentational aspects of the TCS register, such as listing the risks in order of severity and specifically highlighting critical risks. Our survey revealed some relatively negative views about risk. In relation to the statement 'There is a sufficient number of Board members with the skills to effectively scrutinise whether risks are being managed', one respondent strongly agreed, two agreed, one neither agreed nor disagreed, three disagreed and one strongly disagreed.

76 Board assurance mapping is an approach whereby organisations think about how they design their systems of governance and assurance to facilitate the achievement of their corporate objectives. By setting out clear corporate objectives, and by clearly identifying the risks to delivering those objectives, organisations can then map the specific assurances they require in relation to those risks.

77 We found that Velindre that has not yet worked through a specific board assurance mapping process. However, Velindre's Director of Corporate Governance told us that such mapping is a key part of her day-to-day role and that her team is continually thinking about the assurances required. We have not made a recommendation about this matter but we would encourage the Trust to consider the forthcoming outputs from our comparative work on assurance frameworks and consider whether a more formal, systematic process of risk and assurance mapping might strengthen the current arrangements.

78 In our survey, Board members expressed largely positive views about the way the Trust identifies the assurances it requires. In response to the statement 'My organisation effectively identifies the assurances it requires to ensure achievement of strategic objectives', two respondents strongly agreed, five agreed and one neither agreed nor disagreed.

79 Board members also expressed positive views about the way that the system of assurance is reviewed. In response to the statement 'My organisation engages its Board members in the development and ongoing review of the board assurance framework', five respondents strongly agreed and three agreed.

80 Velindre's committees have annual work plans in place and there is a process for review and adjustment of those work plans during the year. However, Velindre has not yet agreed a process for committees to collectively assess their annual work plans to identify any assurance gaps and duplication.

81 Board members gave positive views about the overall effectiveness of the system of assurance. In Velindre, five respondents strongly agreed and three agreed that the board assurance framework is an enable that helps the organisation achieve its corporate objectives.

82 Honest and evaluative governance self-assessments can help boards and committees learn lessons from successes and from problems. Velindre has an annual process of self-assessments that is supposed to cover the Board and all committees. However, not all committees have yet completed a self-assessment and the Trust recognises that this work has not progressed as quickly as intended. The Trust has recently developed a programme for completion of self-assessments for all Board comittees. Other findings on self-assessments are:

- in response to the statement 'My organisation effectively reviews its governance structures and adapts them to focus on the areas that matter most to organisational success', five survey respondents at Velindre strongly agreed, two agreed and one neither agreed nor disagreed;
- in response to the statement 'The Trust has an effective approach for assessing the effectiveness of the Board and its committees', two Velindre respondents strongly agreed, four agreed and one neither agreed nor disagree;
- in response to the statement 'The Trust applies lessons learned from self-assessments and external peer reviews to improve the board assurance framework', five Velindre respondents strongly agreed, two agreed and one disagreed; and
- we observed the use of this self-assessment approach in the Audit Committee and noted a positive, constructive process that led to real learning and improvement.

Board and committee effectiveness – The Trust has made good progress with matters we previously raised. We also identified further scope to improve the functioning of some committees

83 This year we again noted positive and frank discussions at Board meetings, with members displaying supportive and constructive behaviours.

84 Board members strongly believe there is a culture of transparency in the Trust. In response to the statement 'The organisation has made a concerted effort to ensure openness and honesty of all those involved in providing assurance to Board and its committees', seven respondents strongly agreed and one agreed.

85 Our review of the Trust website revealed scope to improve compliance with a recent Welsh Health Circular (WHC/2016/22) on transparency of public reporting. Of the items required by the circular to be on the website, we were unable to find evidence of the following: standing orders, standing financial instructions, annual plan of Board business, citizen engagement plans, flexible visiting times policy and patient safety and quality plan. The Trust is aware of its responsibilities and is working towards achieving compliance.

86 This year we note an increased use of private, 'in-camera' sessions of committees. The Trust has instigated these ' Part B' sessions because of the growing need to discuss commercially-sensitive issues, often relating to the TCS programme. Whilst we do not have any specific concerns about the Trust's use of in-camera sessions, we do recommend that the Trust keeps this approach under review to ensure it is maintains an appropriate balance and transparency.

87 The Trust has taken decisive action in relation to risks we raised in last year's report about Board succession planning. At Velindre, the terms of two Independent Members (IMs) are due to end in March 2017. The Trust has acted by reviewing and rotating IM membership and chairing of committees, as well as working directly with Welsh Government to contribute ideas to optimise the process for recruiting replacement IMs. The Trust is also revising its current IM induction programme and is taking the positive step of piloting the programme by using it as refresher training for existing IMs.

88 Additionally, there is a formal Board development programme for existing Board members, which board members find valuable in supporting them in their role. In response to the statement 'The programme of board development supports Board member skills and confidence in effectively handling assurance and scrutinising delivery against objectives,' four survey respondents strongly agreed and four agreed.

89 Last year we concluded that committees provide sound scrutiny and assurance with work ongoing to optimise agendas. This year we again observed generally strong chairing of Board and committee meetings. We also noted chairs taking a stronger approach to pausing after agenda items to consider next steps, following commentary in last year's report that there was scope to improve the formal closure of agenda items.

90 In reporting our interim findings to the Trust in July 2016 we noted some weaknesses in the use of committee highlight reports to Board. Highlight reports varied in size and detail between committees, and were discussed only very briefly during meetings, even when raising potentially important issues. The Trust has since taken action to address these concerns by revisiting the purpose and effectiveness of these reports. The Trust has revised the template format to ensure these reports do not simply provide a précis of committee meetings. The Trust has also introduced a new process where committees pause at the end of each meeting to discuss the key issues they want to raise with the Board through highlight reports.

91 One of the key roles for the Board and its committees is to monitor and scrutinise the performance of the organisations. Exhibit 6 describes the Trust's progress in addressing last year's recommendations on performance management.

Exhibit 6: progress on the 2015 recommendations on performance management

The table describes the progress made against the 2015 recommendations on performance management.

2015 recommendation	Description of progress
2015 R3a: The Trust should further improve the performance report to address the issues raised in this Structured Assessment report.	**On track but not yet complete** The Trust is continuing to carry out a Performance Management Framework (PMF) review which, amongst other things, aims to address the recommendation we made in 2015. Performance management in Velindre continues to be report heavy and labour intensive. Interviewees also said that the Trust should revise its key performance metrics so that they truly measure the most important aspects of services. Some interviewees said that the Trust needs to be careful not to fall into the trap of focusing on what performance reports look like, rather than focusing on what the reports reveal about service performance. We also heard similar views about the risk register.
2015 R3b: The Trust should develop an action plan that sets out how and when the Trust will strengthen its approach to benchmarking.	**On track but not yet complete** The Trust plans to address this recommendation as part of the Performance Management Framework (PMF) review. The Trust is also progressing with benchmarking against other cancer centres through the TCS programme. Welsh Government has also requested more benchmarking information be available to inform the end of year review between Welsh Government and Velindre.
2015 R3c: The Trust should further expand the range of methods it uses to collect feedback from patients and donors, using as a reference source our 2013 report on service user experience.	**Complete** We note considerable progress in this area. Board and committee reports now identify patient and donor experience issues, with clear links to actions taken, and we observed examples of good scrutiny facilitated by such information. Whilst this report notes the recommendation as complete we would urge the Trust to continue to improve in this important area.

2015 recommendation	Description of progress
2015 R3d: The Trust should strengthen its donor experience report by building on the positive changes made to the cancer centre's patient experience report.	**Complete** The Trust has remodelled the donor experience report that goes to Quality and Safety Committee, learning from the changes made to the cancer centre report. Whilst this report notes the recommendation as complete we would urge the Trust to continue to improve in this important area.

92 Whilst we have not reviewed the effectiveness of each individual committee, we have noted specific ways in which some committees can improve the way they work:

- the Trust recognises that the Research and Development Committee has been on an improvement journey for some time. During our work, interviewees said some positive things about the committee, highlighting the extent of engagement from the chair and the appropriateness of the committee membership. The next steps for improvement include the need to clarify the purpose and remit of the committee, the need to start focusing on strategic matters rather than operational issues and the need to complete a committee self-assessment.
- the Workforce and Organisational Development Committee has also been trying to improve the way it works. The committee has reviewed its agenda planning approach, with the chair wanting to make time for longer discussions on a smaller number of issues.
- we identified some scope for improvement within the Organisational Learning Sub Committee. Interviewees told us of concerns about a lack of clarity of the committee's purpose and the Trust has already noted problems with poor attendance.

93 Exhibit 7 describes the progress the Trust has made in relation to the recommendations we made in 2015 relating to Board and committee effectiveness.

Exhibit 7: progress on 2015 Board and committee effectiveness recommendations

The table describes the progress made against 2015 recommendations relating to Board and committee effectiveness.

2015 recommendation	Description of progress
2015 R2a: The Trust should ensure the Board decides on the actions required following the review of governance in the TCS programme.	**Complete** The Director of Corporate Governance has completed her review of TCS governance and the Board approved revised arrangements in July 2016. An Internal Audit this year described TCS governance as robust.
2015 R2b: The Trust should revise the template cover page for Board and committee papers to improve clarity about the outcomes sought from each paper.	**Complete** Observations and interviews suggest positive views from staff and independent members about the new format committee papers.

Organisation structure – The Trust is on a journey towards closer working between the divisions and is liaising with Welsh Government to clarify its governance remit for hosting the NHS Wales Informatics Service

94 In last year's structured assessment we assessed whether VCC and WBS received balanced levels of scrutiny at Board and Committee meetings. We found that VCC-specific agenda items were more common than WBS-specific items. We have not repeated the same analysis this year although we do note that the Board has taken the step of holding meetings at WBS as well as at Trust headquarters. This is a positive step that aims to ensure a better balance of profile and scrutiny across the divisions.

95 Previous structured assessments have commented on the need to improve internal partnership working by further integrating VCC and WBS. In interviews this year, staff had mixed views about the level of integration between the Trust's divisions. In general, we were told that WBS is now closer to the corporate centre of the Trust than in the past. The Trust recognises it is on a journey and needs to continue to push for closer, more automatic joint working between WBS and VCC. During our observations we saw some examples[6] where issues were mentioned in committees that then led to shared learning, almost by accident. The Trust has taken some action to facilitate better joint working, as described below:

- the Trust has held workshops linked to the OD Strategy, involving staff from all divisions. In fact, an OD strategy event was held in March 2016 and was the first time that some WBS and VCC senior staff had met each other;
- the Trust is holding pan-organisation workshops every two months for heads of service, senior management and IMs; and
- the Trust has continued to run cross-Trust leadership courses this year.

96 Previous structured assessments have discussed the complexitites caused by the Trust hosting a range of external organisations[7] on behalf of NHS Wales. This year we note that the arrangements for hosting bodies within Velindre have continued to change. For example, this year has seen the transfer of one hosted body (the National Collaborating Centre for Cancer) out of Velindre and the proposed commencement of another hosted body to lead the development of a national technology hub.

97 We also note this year that hosting these bodies does cause complexities for the Trust. During our attendance at committees this year we observed a small number of discussions about the need to clarify Velindre's role in relation to the hosted bodies. These discussions were sometimes a distraction from the core business of the committee and tended to centre around clarifying the role of Velindre in relation to being responsible for governance of the hosted bodies, and not being responsible for performance managing the hosted bodies.

98 We recognise that the Trust works hard to ensure that the governance of hosted bodies functions effectively. However the Trust has recognised the need to improve the current arrangements, specifically in relation to the NHS Wales Informatics Service (NWIS). The Director of Corporate Governance is now actively working with Welsh Government to work towards greater clarity of Velindre's responsibilities as host and to revise the governance pack that NWIS currently provides to the Audit Committee.

[6] These examples related to the Welsh Language Scheme, comparing equipment inventories and the medical education framework.

[7] The hosted organisations are NHS Wales Shared Services Partnership, NHS Wales Informatics Service (NWIS) and National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC).

Progress in addressing issues from previous structured assessments – The Trust has made good progress in addressing issues from previous structured assessments although this year we note issues with tracking of audit recommendations

99 This section of the report summarises the progress made against all of the 2015 structured assessment recommendations (including a recommendation on partnership working that we have not yet discussed in this report). The section then goes on to consider the effectiveness of the arrangements to track audit recommendations and considers previously identified improvement issues relating to use of resources, specifically workforce management and ICT. We were pleased that the Trust used a Board development session this year to consider our formal recommendations but also to consider the wider improvement opportunities arising from our 2015 structured assessment.

Summary of progress against 2015 recommendations

100 Our structured assessment work this year reviewed the Trust's progress in addressing the recommendations made in 2015. In earlier sections of this report we have described the progress made on recommendations relating to financial management, IMTP scrutiny, change management, and Board and committee effectiveness. Progress against our recommendation relating to partnership working is set out in Exhibit 8 below.

101 Overall we conclude that the Trust has completed the implementation of 6 out of 11 recommendations from 2015. In relation to another 3 recommendations, the Trust is on track but has not yet completed implementation, and in relation to another 2 recommendations, the Trust has made some progress but more work is required. The recommendations that are not fully implemented should remain on the Audit Committee's Audit Action Plan.

Partnership working

102 Last year we noted that the Trust had realised the importance of improving its partnership working with staff, given the extent of organisational change planned for the future. This led us to make a specific recommendation on partnership working, as described in Exhibit 8.

Exhibit 8: progress on the 2015 recommendation on partnerships

The table describes the progress made against the 2015 recommendation on partnerships.

2015 recommendation	Description of progress
2015 R6b: The Trust should develop an action plan for improving the effectiveness of the Local Partnership Forum (LPF) to ensure better engagement with staff.	**Complete – although we make a new recommendation** The Trust has developed a general partnership working action plan, rather than a specific plan for the LPF. Nevertheless, issues remain with the effectiveness of the LPF. The forum can suffer poor attendance from members, and interviewees told us that the forum's remit is unclear, especially given the introduction of partnership groups at divisional level. The Trust has taken some positive actions in relation to partnership working. The Be Connected campaign is a proactive attempt from the Board to engage with operational staff through breakfasts, afternoon tours and other events. The Trust is also planning a survey of staff to canvas opinions on IMTP planning approaches. Our survey of Board members showed positive opinions about the way that the Trust engages on the IMTP with staff and clinical leaders but opinions were more mixed about the way they engage with patients and with partner organisations.

103 The Trust's relationship with its commissioners has emerged in this year's structured assessment as a key risk. The TCS model requires extensive collaboration with commissioners as it is essential that the service model being developed by Velindre is aligned with that of other health bodies. Senior staff at Velindre told us they are working harder than ever to engage with commissioners about various issues, including enagement to directly challenge the level of funding Velindre receives for cancer services. Interviewees told us that relationships with commissioners are improving, although it is recognised by all parties there is further work to do to strengthen this.

Tracking the implementation of audit recommendations

104 In addition to reviewing the actions taken to address our 2015 structured assessment recommendations, we also considered the effectiveness of the Trust's arrangements to manage and respond to our audit recommendations. We found that whilst there is clear process for tracking the implementation of recommendations through the Audit Committee's Audit Action Plan, this year there have been issues caused by updates on management actions not being provided to the Audit Committee in a timely manner.

105 The October 2016 meeting of the Audit Committee discussed potential problems with the current tracking process, during an agenda item on our NHS Consultant Contract report. Our report found that the Trust had not fully implemented 22 out of our 23 previous recommendations, however the Trust had marked all of these recommendations as complete and therefore removed them from the Audit Action Plan.

106 The Audit Committee has now begun a process of reviewing its approach to audit tracking. This report makes a recommendation about the need to improve the process for tracking audit recommendations, focusing on the stage when recommendations are removed from the Audit Action Plan. The current process within the Audit Committee is to focus on recommendations that are red-rated, meaning that they are late in being implemented. Whilst this is a pragmatic approach aimed at using committee time effectively, the process currently does not focus on the stage in the process when recommendations are removed completely from the plan.

Workforce and organisational development

107 As part of our work in 2016 we also considered some aspects of workforce and organisational development. Our main findings are summarised below:

- the Board signed off the OD Strategy shortly after the publication of our last report. The strategy is a potentially important development for the Trust. Work is now progressing through topic 'think tanks' and interviewees told us that the Trust now needs to maintain momentum and do more to fully embed the strategy's values within the organisation.
- the new process of nurse revalidation has progressed well in the Trust.
- there appears to have been some progress this year in implementing the recommendations from our local work on Staff Health and Wellbeing. The Trust held its first staff awards event in June 2016 and the Workforce and OD Committee received a corporate framework for health and wellbeing by shortly after the publication of our previous structured assessment report.
- the Trust achieved the Platinum Corporate Health Standard in October 2016.
- levels of sickness absence have remained consistently higher than the Trust's target despite a deep dive approach from the Trust and relatively frequent scrutiny at Board and committee level.
- after a period of sustained difficulties, the percentage of staff that had a Performance and Development Review (PADR) increased from 59.7% in April 2016 to 75.1% in August 2016. Actions have included a greater level of challenge from the chair of the Workforce and OD Committee, the development of a specific improvement plan and the frequent production and sharing of compliance data to highlight problem areas for the purposes of improvement.

- Board and committees have this year discussed the Trust’s difficulties in ensuring staff receive their mandatory and statutory training.
- during interviews and observations we were told about delays in recruitment processes, some internal and some external, that were placing additional pressures on the Trust’s current staff.

Information and management technology

108 This year, our IT Audit Team carried out an Information and Management Technology (IM&T) risk assessment at Velindre. The team’s main observations are summarised below.

109 **Risk management:** Trust staff report risks into the DATIX system, with WBS and VCC managing their risks separately. The Trust’s risk management policy promotes 'a single consistent approach to risk management across all service divisions and hosted organisations'. However, the formats of IM&T risk registers are different in the different divisions. The Information Governance and IM&T (IG&IM&T) Committee is aware of these differences, and there are plans to have a more uniform approach to reporting/recording IM&T risks.

110 **Resources:** our 2015 Diagnostic review of ICT capacity and resources concluded that the current ICT resources in the Trust were largely effective in supporting the delivery of healthcare. Our risk assessment this year has highlighted the risk that in future, limited ICT staff resources, particularly at VCC, could mean that the needs of IT users are not met.

111 **Leadership and structure:** we have no evidence that the Trust’s IM&T departmental structure is directly hindering the support of clinicians or patient welfare, although the Trust has had difficulty recruiting in some key areas. This could mean members of staff having unsustainable workloads.

112 We note temporary changes in leadership within IT. The Assistant Director for Informatics has started a new role within the TCS project. The IM&T manager for WBS has been seconded to the role of Trust Deputy Assistant Director of Informatics.

113 There is currently no named Senior Information Risk Officer (SIRO) for the Trust, but discussions are in place to identify one. We make a recommendation on this matter.

114 **Planning:** Welsh Government requires the Trust to produce an IT Strategic Outline plan. The Trust's outline plan is in development, and an IT Strategy will feed from this. It will be a 3-5 year programme of work for IM&T to align with the Trust's IMTP. There is due to be one plan for the whole Trust, planned by end of 2016 calendar year.

115 **CANISC:** there are continued concerns around the adequacy of one of VCC's main IT systems. Our observations and interviews noted that concerns about the performance of the CANISC system remains a common topic of discussion. There is a new Cancer Informatics Systems Project Group to provide impetus to take forward the future of Cancer Informatics Systems and the aligned CANISC replacement programme. This group will oversee the creation of a business case to secure funding for a team of personnel that will scope, pilot, prototype and implement (where appropriate) IT solutions to deliver the required future Cancer Informatics requirements. Recruitment is likely to be a joint exercise between NWIS and the Trust.

116 **Governance:** there is an information governance action plan for VCC, but not one for WBS. The Trust needs to update the IG&IM&T Committee's terms of reference to reflect changes in membership. The Trust is aware of this and is working to address it.

117 **User satisfaction:** the Trust has not requested or obtained any user satisfaction feedback for its IM&T services.

Appendix 1

The Trust's management response to 2016 recommendations

The following table sets out the 2016 recommendations from the structured assessment and the management response.

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R1	The Trust should review the content of its finance reports to the Board. The review should consider whether balance sheet monitoring information, a summary of risks and their potential impact and overspends linked to an analysis of the underlying issues would provide more insight.	Greater insight for the Board on financial performance.	No	Yes	Agreed. A review will be undertaken in consultation with Board members.	30 Sept 2017	Executive Director of Finance & Informatics
R2	The Trust should ensure all Board committees complete an annual self-assessment of their effectiveness.	Shared learning between committees to improve the effectiveness of each committee.	Yes	Yes	Annual survey of effectiveness will be complete for all Committees and a programme of annual surveys will be developed for regular and timely implementation.	30 Sept 2017	Director of Corporate Governance
R3	The Trust should ensure it complies with all requirements of the Welsh Health Circular on transparent public reporting.	Greater public transparency.	No	Yes	Action has been taken to ensure compliance.	31 March 2017	Director of Corporate Governance

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R4	The Trust should carry out a reflective assessment of its use of Part B, in-camera committee sessions. The assessment should focus on the agenda items considered in Part B sessions and whether it would have been more appropriate to consider these items in public.	Assurance that the Trust's business is open and transparent whenever possible.	No	Yes	The Trust's Freedom of Information Publication Scheme forms the basis of justification for the use of Part B meetings to ensure openness and transparency in all aspects of business. This will remain under review, and the Board and Committee self assessments will specifically address this issue.	30 Sept 2017	Director of Corporate Governance
R5	Based on a self-assessment and review of the terms of reference for the Research and Development Committee, the Trust should produce a time bound plan for clarifying the role and strengthening the effectiveness of the committee.	Greater clarity of the R&D Committee's role and improved effectiveness of the committee.	Yes	Yes	A Committee Effectiveness Survey is being undertaken in February 2017 in respect of the R&D Committee. The outcome and findings from this survey will be considered and a plan to address weaknesses identified will be developed.	30 Sept 2017	Medical Director/ Director of Corporate Governance

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R6	To facilitate better attendance and wider engagement in committee meetings, as well as to reduce the time and cost associated with staff journeys, the Trust should set a specific target for increasing the use of video conferencing facilities.	Improved attendance at meetings, better staff engagement with corporate business and reduced staff travel times.	No	Partial	The Trust will identify all VC facilities available in the Trust, create a directory and highlight facilities available to colleagues when arranging meetings. Setting a specific target, and monitoring across the Trust will be problematic, but the Trust will assess colleagues' view and accessibility of VC facilities in future Committee and Board self assessments and report usage in minutes and Committee Annual Reports to the Board.	31 March 2018	Director of Corporate Governance
R7a	The Trust should review its process and responsibilities for closing down risks that appear on the corporate risk register.	Assurance that the risk register provides a comprehensive picture of the most important risks.	No	Yes	Specific reference to closed risks is already included in the Board cover paper for the risk register report. An additional section to the risk register will be formatted to include detail of risks closed by EMB in period to support Board scrutiny process.	31 July 2017	Executive Director of Nursing & Service Improvement

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R7b	The Trust should use the forthcoming internal audit on risk management to get a detailed view on the effectiveness of escalating risks from divisional level to corporate level.	Assurance that the Board has sight of the most important risks across the whole organisation.	Yes	Yes	The IA report on risk management is expected in Spring 2017. Recommendations from the audit will be considered and a management action plan developed and presented to the Audit Committee accordingly.	31 July 2017	Executive Director of Nursing & Service Improvement
R7c	The Trust should standardise the format of its various risk registers, ensuring the good practice elements of each register are spread across the organisation.	Spreading of best practice on risk registers across the organisation.	No	Yes	Standard template agreed in 2015 and will be further reviewed during 2017 and re-launched. Needs of specific programmes may require some variation in format as needs may differ. Such differences may be acceptable, but will need to be justified.	31 July 2017	Executive Director of Nursing & Service Improvement
R8	The Trust should review the remit and terms of reference for the Local Partnership Forum, given that divisional-level partnership groups appear to be providing a better forum for union engagement.	Better partnership working between the Trust and its staff.	No	Yes	The Local Partnership Forum ToR are currently under review by workforce staff and Staff Representative colleagues.	31 May 2017	Executive Director of OD & Workforce

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
R9	The Audit Committee should strengthen its scrutiny of management responses to audit reports, to ensure proposed actions are relevant and will resolve the issues referred to in the recommendations.	Assurance that issues raised in audit reports are fully addressed.	Yes	Yes	Leads to ensure recommendations within draft reports are achievable, and management responses are appropriately targeted to address audit recommendations. The Audit Committee will then be asked to scrutinise the recommendations and management responses in this context at the time of receiving the report. This approach should be embedded within the calendar year.	31 December 2017	Executive Director of Finance & Informatics
R10	The Trust should ensure it has a named Senior Information Risk Officer.	Clear leadership responsibilities for information governance.	No	Yes	Agreed. The Trust will formally identify, ratify and document this responsibility.	31 May 2017	Executive Director of Finance & Informatics

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