



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

November 2014
677A2014

Structured Assessment 2014

Betsi Cadwaladr University Health Board

Summary feedback of findings





Content of this presentation

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

1. Context
2. Aims of the 2014 Structured Assessment
3. Feedback of key findings and conclusions
4. Recommendations
5. Next steps



National Context

- Increased scrutiny on Quality and Safety of Services.
- Significant financial challenges.
- NHS Finance (Wales) Act 2014 and financial flexibilities.
- Three-year integrated medium term planning (IMTP).
- Focus on prudent healthcare.
- Public Accounts Committee focus on NHS governance and finances.
- Intense media scrutiny on NHS performance.
- Increased demand from an ageing, increasingly complex, and frail population.



Local Context

The Health Board has faced a number of significant challenges over the last 18 months, including:

- Governance challenges identified by joint review HIW and Wales Audit Office.
- Major leadership changes and re-composition of Board and exec team.
- Need to rebuild public confidence
- No agreed IMTP.
- Scale of financial challenges.
- Quality concerns in some services.
- Escalation from Welsh Government.



2013 Structured Assessment: Headline Messages

In last year's Structured Assessment we concluded that:

- The Board has significant challenges to tackle, it is aware of this and there is evidence some progress is being made. However, it urgently needs to finalise its senior leadership structure in order to drive the further improvements that are needed to internal governance arrangements and accountability, to progress with strategic and operational planning and financial position.

Summary of areas identified for further development included:

- Make rapid progress on Board renewal, development and administration
- Further strengthen internal controls, in particular the operation of quality and safety governance.
- Improvement required around:
 - accountability arrangements to deliver change and improvement; and
 - openness and communication, both internally and externally.



Joint Review Follow Up: Headline messages

Joint review and follow-up findings reported some progress in June 2014, but the pace of change remained a concern

At the time, we found that:

- *Whilst there was evidence of progress, some of it significant, a number of the fundamental challenges that we identified last year still existed and the Health Board still had considerable work to do before its governance and management arrangements could be regarded as fully fit for purpose.*
- *The remaining actions were the most challenging and fundamental, and whilst work was underway it was of significant concern that visible progress was limited.*



Key Governance challenges

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Previous Wales Audit Office and HIW work: key themes:

- the effectiveness of the Board;
- management and clinical leadership structures;
- quality and safety arrangements;
- financial management and sustainability; and
- strategic vision and service reconfiguration.

Good Governance Institute, September 2014:

- *...there is still more work to be done to embed systems, develop strategy and corporate objectives, define risk appetite; implement the revised organisational structure and repopulate the corporate risk register and board assurance framework.*



Aims of the 2014 Structured Assessment

Structured Assessment 2014 has examined the Health Board's arrangements to support good governance, and the efficient, effective and economical use of resources.

- The audit work forms part of an ongoing assessment approach and is structured under the following areas:
 - **Part 1: financial management** – financial health of health boards and trusts, including financial planning and cost improvement;
 - **Part 2: governing the business** – board assurance and governance arrangements, with a focus on strategic planning; and
 - **Part 3: managing resources** – how key enablers of efficient, effective and economic use of resources are being managed.
- We have also looked at the progress made in addressing key issues identified in previous years Structured Assessment and Joint Reviews.



Part 1 – Financial Management: Key Audit Question

Does the Health Board have a sound and sustainable approach to financial management:

- Was there a successful and sustainable approach to financial management in 2013-14?
- Is there evidence of a sound and sustainable approach to financial management in 2014-15?



Overall conclusion on Part 1: financial management

The Health Board is yet to develop a sound and sustainable approach to either in-year or medium-term financial management

- The Health Board's actions coupled with additional Welsh Government in-year resource funding and brokerage enabled it to meet its 2013-14 revenue resource limit, but its approach to financial management was not sustainable.
- The Health Board has failed to deliver a sound and sustainable approach to financial management in 2014-15 and is at very significant risk of not achieving financial balance for this financial year.



Part 2 – Governing the Business: Key Audit Question

Does the Health Board have sound arrangements to support good governance? Areas of focus included:

- Strategic planning.
- Organisational structure.
- Board assurance and internal controls, including:
 - governance structures;
 - risk management; and
 - management information.
- Performance management.
- Information governance.
- Follow-up of governance issues identified in previous years.



Overall conclusion on Part 2: governance arrangements

The Board has taken steps to strengthen governance arrangements, but the scale of the challenge remains significant and the pace of change needs to increase

- The Board recognises the urgent need to define the future shape of North Wales Health Services but there progress in developing a publically agreed strategic direction is limited.
- A new organisational structure has been designed and consulted upon, although it is not yet implemented, which compounds uncertainty, and the timeframe is challenging.
- Whilst Board administration has improved, overall Board assurance processes need further strengthening.
- The Board recognises that it needs to further improve management information which underpins board assurance and decision making.
- New CEO has strengthened Performance management arrangements, and whilst there are signs of improvements in performance in some areas, the overall picture against key national targets is not a positive one.
- The pace of change remains a concern and public trust and confidence will take time to rebuild.



Part 3 – managing resources: Key Audit Question

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Are key enablers of efficient effective and economic use of resources being appropriately managed? Areas of focus included:

- Change management.
- Workforce and workforce planning.
- Asset management.
- Partnership working.
- Engaging with the community.
- Using technology and ICT systems.
- Follow-up of use of resource issues identified in previous years.



Overall conclusion on Part 3: managing resources

The Health Board recognises it has issues with planning, change management which it has not addressed with sufficient pace, and there is need to establish constructive dialogue with wider stakeholders in North Wales

- The Health Board recognises that its planning and change management arrangements have not been effective and is in the process of establishing new arrangements.
- Workforce issues remain challenging in absence of service strategy and the high number of temporary staff is a concern.
- Public engagement remains challenging, although some partners are hopeful the new organisational structure will transform relationships.
- The Health Board still needs to tackle poor performance on a number of key quality, accessibility and efficiency indicators.
- These key challenges are recognised by the Health Board and will form the focus of our 2015 SA work.



Overall conclusion: Structured Assessment 2014

Despite progress in some areas the overall pace of change is slow, and significant challenges remain around finances, governance and performance:

- Part 1: The Health Board is yet to develop a sound and sustainable approach to either in-year or medium-term financial management.
- Part 2: The Board has taken steps to strengthen governance arrangements, but the scale of the challenge remains significant and the pace of change needs to increase.
- Part 3: The Health Board recognises it has issues with planning, change management which it has not addressed with sufficient pace, and there is need to establish constructive dialogue with wider stakeholders in North Wales.



Challenges

The Health Board is having to address a number of significant challenges around pace of change, capacity to deliver and extent of service challenges

- Serious quality and safety issues and the intense level of critical attention mean that key individuals are correctly focussed on these issues, limiting their personal capacity to drive necessary changes with sufficient pace.
- Lack of **final** strategic vision and IMTP is a significant barrier to progress on several fronts.
- The need to take forward a number of significant challenges simultaneously will stretch the HB's leadership capacity and create risks around pace of change and restoration of confidence in the Health Board.
- Simultaneous change against a background of historic poor performance – and crucially limited capacity – increases risk of failing to prioritise and drive improvement.



Recommendations

We will be writing to the CEO to set out in detail the recommendations from this work, in the context of the planned joint review follow-up in the Spring.

1. Address Joint Review and GGI findings and recommendations.
2. Assurance to Board from Committees must be strengthened alongside the new Committee structure.
3. Rapid progress needs to be maintained on organisational structure and strategy [IMTP].
4. Ongoing Board and Corporate Director Team development.
5. Continued focus on openness and transparency to build public trust required.



Next Steps

Reporting process for 2014 structured assessment work:

- final presentation to Audit Committee on 11 December; and
- summary of the key messages in our 2014 Annual Audit Report.

The focus of continued work in 2015

- focus of the structured assessment work January to May 2015 (more detailed review of change delivery and informatics);
- further Joint Review Follow Up by the Wales Audit Office and HIW in Spring (will include risk management and Board assurance); and
- more work on assets and partnerships/engagement later in 2015.