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Structured Assessment 2016 – **Betsi Cadwaladr University Health Board**

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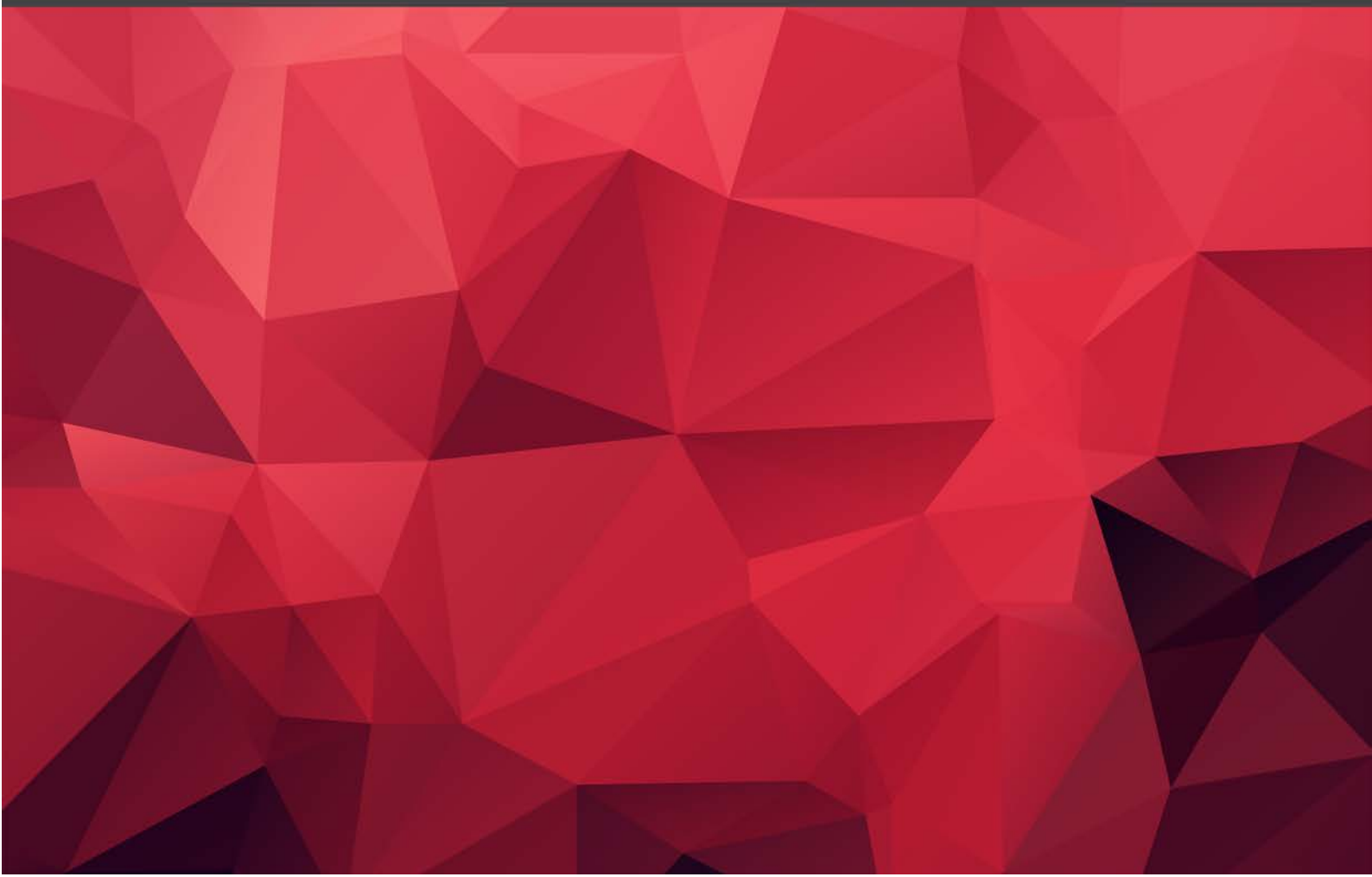

The team who delivered the work comprised Matthew Edwards, Mandy Townsend, Andrew Doughton, Dave Thomas and Mike Usher.

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Context

1 Structured assessment examines the Betsi Cadwaladr University Health Board's (the Health Board) arrangements 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. Our 2015 work found that the Health Board was in a challenging financial position, and needed to quickly implement a number of actions to strengthen its governance arrangements. Leadership capacity, capability and resilience were key risks and the absence of a clinical strategy and Integrated Medium Term Plan (IMTP) continued to hinder the Health Board's ability to deliver necessary changes quickly. The Health Board is in Special Measures, and over the summer and autumn of 2016, the Welsh Government engaged with people in North Wales about what, in the public's view, in their health service, matters to them the most.

2 Structured assessment work in 2016 reviewed the Health Board'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 own 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 IMTPs and monitoring and reporting on the delivery of these plans, as there is no approved IMTP, we have considered the annual plan; and
- approaches for mapping risks and assurances and developing a board assurance framework[1].

3 This report details our local audit findings for the Health Board. 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. This approach is intended to support learning, by sharing approaches and good practice across NHS organisations. Publication of our comparative analysis of IMTP development and reporting will be co-ordinated with that of the Auditor General's national report on the National Health Services Finance (Wales) Act 2014, planned for early in 2017.

[1] 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.

4 Our findings are based on interviews, committee observations, a review of documents and performance data, information returns from board secretaries and directors of planning and the results of a survey of Board members. Some 119 board members responded to our survey, a response rate of 59 per cent. This included 16 responses (59 per cent response rate) from the Health Board. We would like to thank those board members who responded to our survey for their time and input.

5 The Health Board has been subject to substantial commentary on its governance arrangements, through our previous structured assessments, our joint work with Healthcare Inspectorate Wales (HIW) in 2013, and our follow-ups in 2014 and 2015. In late 2015, the Welsh Government placed the Health Board in Special Measures. The Deputy Minister for Health issued a Special Measures Improvement Framework to the Health Board on 29 January 2016, setting out expected improvement milestones over the next two years, divided into three phases, in the following areas:

- Leadership
- Governance
- Strategic and service planning
- Engagement
- Mental health
- Maternity services
- Primary care

6 The special measures framework has three phases, and the Health Board is currently nearing the end of phase two. Our structured assessment this year has not focussed specifically on the steps included in the special measures plan. We have, however, commented in places on actions that the Health Board is taking as part of its special measures plan where those areas fall within the scope of the structured assessment review.

Key findings

7 Our overall conclusion from 2016 structured assessment work is that the Health Board is laying some sound foundations to secure its future and the pace of change is increasing, although it remains in a challenging financial position and has considerable further work to do across a range of important areas, including strategic planning, internal change management support, and ward to board information flows. The reasons for reaching this conclusion are summarised below.

Financial planning and management

8 In reviewing the Health Board's financial planning and management arrangements we found that it continues to monitor and report performance against its budgets and savings plans effectively, although it is highly unlikely to achieve financial balance at the end of 2016-17.

Financial planning

9 The Health Board has adequate financial planning arrangements, but budgets reflect the current service model, are not shaped by a clear long term clinical strategy or an integrated medium term plan, and financial plans do not demonstrate a sustainable position. We found that financial planning roles and responsibilities are clear and understood, and are underpinned by a Budget Planning Framework. We also found that the financial plans reflect the annual operational plan.

Financial performance

10 In the continued absence of strategic direction and associated clinical service and workforce plans, the Health Board is yet to establish a sound and sustainable approach to financial management in 2016-17. Whilst challenging cost improvement targets have been implemented across non-ring fenced budgets and the Programme Management Office has brought rigour to the management and delivery of savings schemes, the Health Board is highly unlikely to achieve financial balance for this financial year with a significant year-end deficit being forecast.

Financial control and stewardship

11 The Health Board's in-year financial controls operate effectively to ensure appropriate stewardship, and the recent introduction of the new Financial Assurance Framework should provide stronger and more systematic assurance to the Audit Committee. Our report on the 2015-16 financial statements did not identify any material weaknesses in the Health Board's financial controls.

Financial monitoring and reporting

12 Appropriate financial information is presented to the Board to inform decision making and support corrective action if required. The Health Board's financial reporting to the board provides valuable insight and is well structured. This written report is always supplemented by verbal updates on the current position. The timeliness of finance reports submitted to the Board could, however, be improved. This is currently determined by the cycle of business requiring scrutiny of the reports by the Finance and Performance Committee ahead of consideration by the

Board. There is scope to review the business cycle to support more timely consideration of finance reports by the Board.

Governance and assurance

13 In reviewing the Health Board's corporate governance and board assurance arrangements we found early signs of progress on board assurance and strategy development, and an increased pace of change. However, there is more work to do on a number of important areas including strategic planning, internal change management support, and ward to board information flows.

Strategic planning and reporting

14 A promising new strategy and planning framework is now in place, but concerns remain around capacity to meet the Health Board's planning timeframe as well as overall capacity to deliver service modernisation and change.

15 The Health Board agreed new strategy principles, a framework for developing strategy, and further developed its planning framework in 2016. There are now detailed plans to develop both an overarching strategy and a suite of supporting detailed strategies. These are underpinned by engagement plans for staff, stakeholders, and the wider public of North Wales. The Health Board is currently working on the basis of producing annual plans for both this year and for 2017-18, as required by Welsh Government. Alongside this, it is improving the planning process, with greater involvement from divisions and intention to include directorates before 2018. The expectation is that these two work-streams will result in a clear strategy and effective top-down, bottom-up integrated plans to deliver the strategy by early 2018.

16 The continued lack of dedicated in-house expertise and capacity on service transformation remains a concern. The Health Board continues to use an external programme management function, but has recently advertised a Director of Transformation post to enhance internal capacity, although there have been some delays in advertising this post. Over 2016, we saw continued use of different programme and project documentation across the various change programmes underway, suggesting that a standard approach across the health board is not yet fully in place.

Board effectiveness and assurance

17 Board and Committee effectiveness is improving, although more work is needed to refine its board assurance framework. In reaching this conclusion we found:

18 On **board assurance framework development**: The Health Board has approved its board assurance arrangements and is developing a combined Corporate Risk and Assurance Framework (CRAF) as a pragmatic interim solution in the absence of an agreed IMTP. On a number of occasions in 2016, the Health Board

undertook work to consider the requirements of the Assurance Framework and has further work to do to develop a comprehensive assurance map.

19 On **board and committee effectiveness**: In 2016, board and committee effectiveness improved, with evidence of better scrutiny and challenge. The committee review undertaken in 2015 resulted in new committee structures, supported by improved flows and assurances to the board from its committees. This, along with revised standards, etiquette, assurance reports, the board development work, new board members, and improved behaviours, is all starting to be reflected in the quality of board and committee scrutiny. The Board is starting to behave like a team, and self-reflecting, learning and taking action to improve. There remains scope to improve the balance between support and challenge in scrutiny at committee and board level.

Progress in addressing previous structured assessment recommendations

20 The Health Board is taking action in response to our previous structured assessment recommendations, although a number of important actions are still outstanding.

21 Our commentary in this report on the effectiveness of the Board and its committees is indicative of the progress made this year. Informatics now has an increased profile as a key enabling function within the organisation, accountability arrangements with budget holders have been strengthened, and appraisal and mandatory training rates have increased whilst there is an overall reducing rate of sickness absence.

22 However, scope for improvement still exists in areas which have been subject to previous audit recommendations. Despite progress on eliminating the historic backlog of responding to concerns, complaints and incidents, performance in responding to current cases remains unsatisfactory. Continued action is needed to demonstrate that the Health Board is able to learn and apply lessons from complaints, concerns and incidents. There are still concerns about the processes which support flows of information to the quality, safety and patient experience committee.

Recommendations

23 Recommendations arising from 2016 structured assessment work are detailed in Exhibit 1. The Health Board will also need to maintain focus on implementing any previous recommendations scheduled to take longer than a year. In particular, recommendations four and six from 2015 on strategic planning and ensuring sufficient internal change management capacity and capability (detailed in Exhibit 2).

24 Appendix 1 provides a template for the Health Board's management response detailing how it will respond to the new and outstanding recommendations.

Exhibit 1: 2016 recommendations

2016 recommendations	
Financial reporting	
R1	Review the timing of Board meetings, with a view to improve the timeline for financial reporting to the Board.
Board assurance	
R2	The Health Board should build upon its assurance mapping work and work towards a board assurance map to complement the corporate risk register, and ultimately the IMTP.
Board effectiveness	
R3	The Health Board should review its Board development programme and consider how it can be used to improve the balance and quality of support and challenge provided by independent members to drive improvement.
Learning lessons	
R4a	The Health Board should look at further steps to improve clinical leadership and ownership of Putting Things Right processes, to support the improvement needed in response times and learning from complaints, incidents and claims.
R4b	The Health Board should strengthen its processes for systematically reporting, cascading and implementing lessons learnt.
Culture	
R5	Work to support a positive and open culture from ward to board needs to expand beyond the most challenged teams to help the wider organisation understand and apply positive values and behaviours.
Strategy and Planning	
R6	The Health Board must maintain focus on developing its strategy and plans to ensure it meets its own challenging timescales.

25 The outstanding 2015 recommendation is listed below.

Exhibit 2: Incomplete 2015 recommendation

2015 recommendations
Change management capacity and capability
R6 The Health Board should move away from over-reliance on external consultants by creating/identifying dedicated in-house capacity and capability to support: • change management; and • service transformation.

Detailed report

The Health Board is laying some sound foundations to secure its future and the pace of change is increasing, although it remains in a challenging financial position and has considerable further work to do across a range of important areas

26 The findings underpinning this conclusion are detailed below.

The Health Board continues to monitor and report performance against its budgets and savings plans effectively, although it is highly unlikely to achieve financial balance at the end of 2016-17

27 Our structured assessment work in 2016 has considered the action that the Health Board is taking to achieve financial balance and create longer-term financial sustainability. We have assessed the financial position of the organisation, the approach to financial planning, financial controls and stewardship, and the arrangements for financial monitoring and reporting. Our findings are set out below.

Financial planning – The Health Board has adequate annual financial planning arrangements, but budgets reflect the current service model, are not shaped by a clear long-term strategy and financial plans do not demonstrate a sustainable position

28 The NHS Finance (Wales) Act 2014 (the Act) introduced a more flexible finance regime for the NHS in Wales. It provided a new legal financial duty for local health boards to break even over a rolling three financial years rather than each and every year. It also allows local health boards to focus their service planning, workforce and financial decisions and implementation over a longer, more manageable, period and moves away from a regime which encourages short-term decision making around the financial year. The financial flexibilities are, however, contingent upon the ability of NHS bodies to prepare suitably robust IMTPs, and the formal approval of those plans by Welsh Ministers.

29 The Health Board should be in a position to benefit from the additional flexibilities provided by the Act, but failed to meet its second financial duty to have an approved three-year IMTP in place for the period 2014-15 to 2016-17. Consequently, the Health Board was in breach of this new statutory duty and has been unable to take full advantage of the financial flexibilities available under the Act.

30 The Welsh Government's expectation is that each health board should have obtained Ministerial approval for its three-year plan 2016-17 to 2018-19 by 30 June 2016. However, as the Health Board was placed in Special Measures by the Minister in October 2015, the Welsh Government did not expect it to submit a three-year IMTP for 2016-2019. Instead, the Health Board developed an annual Operational Plan for 2016-17 with the intention that this will allow time for it to engage with its stakeholders to undertake strategic development work that will underpin a full IMTP for the three year-period 2018-19 to 2020-21.

31 In the absence of an approved IMTP, budgets are not shaped by a clear long-term Strategy. To date, there has been limited progress on the development of financially and clinically sustainable service models, together with greater support service integration.

32 As a consequence, the Health Board produced an Interim 2016-17 Financial Plan that was approved by the Board in March 2016. This followed robust challenge by the Finance and Performance Committee and the Board, pending approval of the Annual Operating Plan, which was under development at the time and was not approved by the Board until May 2016. The Interim Financial Plan therefore only included the financial implications of continuing the current service model together with any inflationary and expected growth levels alongside the transactional savings proposed. The annual financial plan for 2017-18 would benefit by being more clearly linked to service and workforce plans, as part of preparation for integrated medium term planning.

33 Despite the lack of a clear long-term strategy, we found that financial planning roles and responsibilities are clear and understood. The Health Board has arrangements for revenue and capital budget setting that are underpinned by a Budget Planning Framework. The Budget Planning Framework defines the key financial planning principles and the high-level timetable for the financial planning cycle. The Framework also incorporates a budget control document that reconciles the Welsh Government resource allocation and the proposed baseline budget. It utilises a range of budget setting principles including ring fenced budgets and budgeted establishment at ward and departmental level.

Financial performance – In the continued absence of strategic direction and associated clinical service and workforce plans, the Health Board is yet to establish a sound and sustainable approach to financial management in 2016-17 and is highly unlikely to achieve financial balance for this financial year

34 The Health Board continues to face significant financial challenges. It is the Annual Operational Plan for 2016-17, identified a forecast deficit of £30.0 million. This comprised an underlying deficit of £44.2 million and an operational surplus of £14.2 million, after delivering anticipated savings of £30.0 million.

35 We have previously reported the need for transformational service planning, which is evidenced by the Health Board's challenging financial position. It is encouraging to see improving approaches for the management of in-year savings led by the

Programme Management Office. This includes processes to identify and deliver large-scale savings and strengthened oversight of the delivery of savings plans. Challenging three per cent cost improvement targets have been implemented across all non-ring-fenced budgets with individual schemes being developed at service and departmental levels.

36 The Health Board has reported that savings programmes continue to develop with the introduction of a 'programme board framework'. The framework consists of a number of strategic work-streams that feed into 10 programme boards. Each programme board is led by an Executive lead with monthly oversight by the Chief Executive. All savings schemes have a service lead who oversees the development of a project initiation document that requires the need to undertake quality impact assessments ensuring consideration on quality and safety implications.

37 At the end of October 2016, the Health Board forecast that its most likely annual overspend remained at £30 million. It acknowledged that the achievement of the projected deficit remains extremely challenging. At month seven, the Health Board had identified cash releasing savings schemes of £30.6.million, of which £22.9 million were recurring. The Health Board anticipates delivering savings of £30.1 million in 2016-17 and by the end of October 2016, it reported that it had delivered £17.2 million of cash releasing savings against planned savings of £16.6 million. The Health Board has reported that due to service issues within the division, which have resulted in the Health Board being placed in Special Measures, the savings schemes identified for Mental Health and Learning Disability are not expected to progress. This is in order to avoid undermining the work on restructuring the service. The Health Board anticipated that this will be offset with over delivery in other areas.

38 There remain significant financial pressures in Secondary Care with a cumulative overspend of £9.5 million at month seven, of which £5.7 million of additional costs relate to additional work undertaken on Referral to Treatment Time (RTT) waiting list activity. As in previous years, agency costs to cover vacancies or to address quality and safety issues present a significant challenge to the Health Board, with average monthly costs of approximately £3.6 million at month seven.

39 Looking ahead, the Health Board continues to face unprecedented financial challenges. With the £30 million budget deficit in 2016-17, the Health Board anticipates an aggregate deficit of £76.1 million for the three-year period ending 31 March 2017, failing its statutory duty to balance its income with its expenditure over a that period. To date, there has been only limited progress on the urgent need to develop financially and clinically sustainable service models, together with greater support for service integration.

Financial control and stewardship – The Health Board's in-year financial controls operate effectively to ensure appropriate stewardship and the recent introduction of the new Financial Assurance Framework should provide stronger and more systematic assurance to the Audit Committee

40 The Health Board's roles and responsibilities are clearly set out in its Budget Planning Framework. The framework is underpinned with updated standing financial instruction, standing orders and a scheme of delegation that are frequently reviewed and approved by the Audit Committee. The scheme of delegation is embedded in the Health Board's financial ledger.

41 Budget manager roles are well defined and Annual Accountability Agreements are in place, requiring budget holders to complete and return signed forms for their areas of responsibility. Good progress has been made in 2016 with all budget managers having signed the agreements by the end of September 2016.

42 Our report on the 2015-16 financial statements confirmed that no material weaknesses in the Health Board's internal controls were identified during our audit. Our early testing of inventories identified two instances where the Health Board's stocktaking procedures had not been followed, and our recommendation to strengthen its stocktaking quality assurances process in 2016-17 was accepted by management. Controls are in place to ensure that requisition and purchase orders, ensuring expenditure is properly authorised. The use of Single Tender Waivers is controlled and reported regularly to the Audit Committee. Our follow-up of the 2015 report on the Health Board's procurement arrangements concluded that our previous recommendations on the use and reporting of single tender waivers had been addressed and that arrangements continue to evolve.

43 In October 2016, the Health Board received recognition at the annual Healthcare Financial Management Awards for its work on developing a Financial Assurance Framework, which should provide greater and more systematic assurance to the Audit Committee. The Financial Assurance Framework systematically reviews the existence of controls and associated management information of key financial processes, including primary care prescribed drugs, medical agency (new managed service) and cash management and forecasting. The framework provides a structured approach to reviewing systems and continues to evolve as part of the pilot process. Whilst it is still in its infancy, the framework is promising and should provide an additional effective source of assurance to the Audit Committee.

44 The Finance and Performance, and Audit Committees play active roles part in the financial control framework. The Audit Committee formally reviews the Standing Orders, including Standing Financial instructions. Quarterly financial conformance reports setting out compliance with procurement, payroll, receivable, payable and losses and special payment procedures are reviewed by the Audit Committee. The report highlights significant risks that require ongoing mitigation together with details of losses and special payments requiring approval. The Audit Committee has also monitored progress on the development of the Financial Assurance

Framework, receiving regular updates throughout the year on the pilot's progress and its findings.

45 Internal Audit reviews the Health Board and NWSSP managed financial systems under its annual core plan. Internal Audit confirmed that a generally sound system of internal financial control is in place, with six of the eight financial governance and management reviews during 2015-16 providing substantial assurance and three providing reasonable/moderate assurance that the internal controls are suitably designed and applied effectively. Internal Audit concluded that audits of the Health Board financial systems confirmed that a sound system of internal control is in place. Internal Audit's findings are subject to ongoing management action and action plans have been developed to strengthen the control weaknesses identified. The Audit Committee regularly monitors progress in implementing Internal Audit's recommendations.

Financial monitoring and reporting – Appropriate financial information is presented to the Board to inform decision making and support corrective action if required

46 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.

47 Alongside our Structured Assessment work, we have undertaken a comparative analysis of the content of financial reports within NHS bodies in Wales. We found that the Health Board's financial reporting provides valuable insight, and compares favourably to other NHS bodies in Wales in respect of:

- forecasting key areas such as in-year revenue, capital and cash positions; and
- the identification of targets and reporting against them was included in most reports.

48 The Health Board produces monthly monitoring returns to the Welsh Government and internal financial reports that are considered at the monthly Finance and Performance Committee and Board meetings. The finance department completes its month end reporting process within five working days of the month end, with Welsh Government monitoring return reports being submitted by day nine each month.

49 Our review of the month 2 finance report found it to be well structured and the information provided was consistent and reliable. The report was easy to read with key messages supported by detail flowing from the summary report, which included a dashboard for key financial targets. The report also clearly sets out statutory financial duties including cumulative position over three-year period in the context of the Act and special measures. We found good use of tables and

graphics to show performance, exceptions, trends and risk areas and an informative table was provided setting out risks to the year-end financial position.

50 Finance reports were reported to the Finance and Performance Committee on a timely basis, typically in week four of the following month. The timeliness of finance reports submitted to the Board could, however, be improved. This is currently determined by the cycle of business requiring scrutiny of the reports by the Finance and Performance Committee ahead of consideration by the Board. In particular, we noted scope to improve the timing of Board reporting as the month 2 finance report was presented to the Board on the 21 July 2016, 51 days after the financial reporting period end.

51 We found financial reporting being underpinned by financial benchmarking information. Regular reports are produced for clinical services and Chief Finance Officers. The Health Board has confirmed that it is working on further developing the use of benchmarking and the value agenda by encouraging clinical engagement to strengthen the evaluation of performance and to improve decision-making.

52 A separate, more detailed report presenting the comparative analysis of financial reports will be shared with NHS bodies in early 2017.

The Health Board is laying some sound foundations to secure its future and the pace of change is increasing, although it has considerable further work to do across a range of important areas

53 Our structured assessment work in 2016 has examined the Health Board's arrangements for developing its plans, including ultimately an IMTP and reporting on delivery of the annual operating plan, and the approach for developing and reviewing a board assurance framework. 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. Our findings are set out below.

Strategic planning and reporting – A promising new strategy and planning framework is now in place, although concerns remain around capacity to meet the Health Board's planning timeframe as well as overall capacity to deliver service modernisation and change

54 The findings underpinning this conclusion are based on our review of the Health Board's approach to strategic planning[2], monitoring and reporting on delivery of the Annual Operating Plan (AOP). We have also considered the arrangements which support delivery of strategic change programmes underpinning the AOP and developing IMTP and the progress made in addressing previous recommendations relating to strategic planning. Our key findings are set out below.

55 Our previous structured assessments and joint review work highlighted the gaps in strategic plans, and the challenges around developing an agreed integrated clinical strategy. The Welsh Government recognises these challenges and strategic planning forms one area of the special measures framework and improvement plan. An annual plan for 2016-2017 (AOP) was approved by the Board in May 2016. The Welsh Government provided advice on the areas requiring development and does not expect a formal IMTP this year or for 2017-2020. The Health Board is instead working towards an annual plan for 2017-18, with the intention of delivering an approvable IMTP in early 2018 for the 2018-2021 period.

56 Since being placed in Special Measures in late 2015, the Health Board has continued to develop its planning capability. The new framework for strategy and planning is promising, although it has yet to deliver the coherent set of plans which are needed to support the organisation's strategic aims and identify clinically and financially sustainable models of service delivery.

57 The Health Board has moved forward in a number of key ways in its refreshed approach to strategy and planning, with the Board itself actively involved. The Board approved a planning framework, based on a set of design principles adapted from a Monitor Framework. This model includes elements of co-production, evidence-based scenario planning, a strong focus on engagement, and aspects of benefits realisation.

58 Board development sessions designed to provide background knowledge and an in-depth understanding of the key issues took place throughout 2016. The Board publicly stated the vision and key strategic aims for the Health Board, and expanded on what its intentions are regarding services. The Board approved many business cases in 2016, for example the SURNIC, various community and primary care developments, and most recently Ysbyty Gwynedd Emergency department. The Board has also recently reaffirmed its commitment to centralising the most specialist, or tertiary, services it provides for vascular surgery.

[2] Audit work has not duplicated the 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.

59 The Health Board has learnt from its experiences around maternity services in 2015, and is building upon both this learning, and the open and transparent style of the Chief Executive to reinvigorate its public and stakeholder engagement. Positively, the Consultation Institute gave the Health Board a gold award for its most recent listening exercise. There is a clear, agreed and shared plan to develop a whole organisation strategy, and supporting strategies, underpinned by communications plans. These plans have key milestones and dates, and take an inclusive and engaged approach with both staff and partners. A parallel set of work streams are underway to develop and expand on the concept of 'what services will look like'. These comprise the overarching strategy Staying Healthy, Living Well, and, more detailed supporting strategies for key areas such as Mental Health, Primary and Community Services, Estates, Maternity, Children's services, and Older people's services.

60 The Health Board has also recast the way in which it engages with its Stakeholder Reference Group and Health Professions Forum. Historically, the chairs of these groups have attended Board meetings as Associate Board Members. Whilst this provided some engagement with key stakeholder groups, the communication was largely one way, with both groups in the past being mainly passive recipients of documents and information they were expected to disseminate to their wider stakeholder groups. Positively, over the last 12 to 18 months this relationship has been reinvigorated. The chairs of these groups are now actively engaged in Board committees, and shaping and driving the agendas of their respective groups. The groups have both taken part in developing and scrutinising both the model and frameworks the Health Board is using for developing its strategies and for planning. This in itself, will not solve the historic challenges of poor ownership of change and engagement of staff and wider stakeholders, but is one step in the right direction.

61 The Health Board is taking action on its staff engagement challenge. The Office of the Medical Director is leading a work stream on clinical engagement, but this is still at an early stage of development. As part of a wider staff engagement strategy and plan, other mechanisms to increase staff engagement are also now being widely used such as cascade briefings, chief executive blogs and newsletters, walkarounds and an increased emphasis, through operational management routes, on staff appraisal. All of this work will take time to change the engagement of staff and the culture of the organisation, yet all demonstrate movement in the right direction.

62 The timeline for strategy development is tight, and has already been purposefully revised to allow the feedback from the Welsh Government's listening exercise to be incorporated into strategy development work and avoid duplication. This means that ultimately, if engagement and strategy development work in not progressed in time, the IMTP may not be completed by the end of March 2018. The Health Board is aware of this risk, and delivery of the plans to develop strategies and plans is actively monitored by the Strategy Partnerships and Public Health Committee.

63 The Health Board is now using a distributed planning model, with central facilitation, templates and quality assurance of operational plans. The Divisional teams (Area and Acute) are currently contributing to plan development for 2017. The relationships between operational and planning teams are starting to develop. This approach depends critically on capacity within operational teams to support planning and as such will be dependent on successfully populating the new organisational structure at the middle and junior manager tiers. The intention is that once Divisional Plans are developed, Directorate plans will develop underneath these to form a cascade to team and individual objectives. Organisation-wide thematic plans (such as unscheduled care, or primary and community services), and divisional plans will be brought together under the single template to form a coherent and orchestrated whole Health Board annual plan. Once directorate teams are fully in place, from next year, the IMTP will be developed both from the bottom-up and from the top-down.

64 All plans are subject to scrutiny from the executive team as part of the development process. Annual plan delivery is monitored through the Health Board's:

- ongoing arrangements for holding divisions to account for performance against the plan;
- collective executive oversight of delivery which is reviewed by the Executive team every month;
- bi-monthly committee scrutiny; and
- regular Board review of progress.

65 Confidence from the Board on strategy and planning is building, and this is reflected in our Board member survey. Nevertheless, some Board members remain worried about strategy and planning. Our interviews suggest that this related to capacity and capability concerns, based on past experience and evidenced by an external consultancy report in 2016 which highlighted concerns in respect of capacity and capability to develop the strategy in the timescale set. This included capacity to undertake modelling to support strategy development. The Health Board is currently procuring support in this area and is assessing additional capacity aspects as the strategy development work progresses.

66 One key issue shows limited progress – change management capacity. There are a number of key enablers not yet in place, and as strategy is confirmed and moves into the detailed planning and then delivery phases, formal change management capacity and capability will become increasingly important.

67 In late 2014, the Health Board commissioned an external Programme Management Office (PMO), supported by an internal service improvement team. The PMO function is focused on financial and performance improvement, but not on complex service transformation projects. A formal procurement exercise for further interim PMO support is underway. The planned lead director for service transformation post has just been advertised. Such a senior lead would provide an important single focus for the necessary skills and capacity to deliver change programmes.

We saw limited evidence that the methodologies, and rigour brought by the external expertise on programme and project management are being adopted consistently. This will need to be addressed in preparation for future change and delivery requirements expected as part of an agreed IMTP.

68 The Health Board has a mixed picture on the delivery of important strategic changes, and delivery of targets. Historically, this has been due to a variety of governance, structural and cultural reasons. The strengthened executive team, improving governance arrangements, revised organisational structure (especially the increased capacity at senior and middle management levels) should all help the organisation deliver its intended actions. A key test of the new arrangements will be the implementation of the vascular services specialised surgery at Ysbyty Glan Clwyd, with the implementation of a hub and spoke model, and realisation of the intended benefits of improved outcomes for patients and robust and sustainable service. This decision was made by the Board in early 2013, but has not yet been implemented.

69 The failure to address longstanding cultural issues within the organisation continues to be a contributing factor in securing some of the service changes which are needed. These issues are not widespread, but there remains a perception that clinical teams can 'block' necessary changes to clinical services for personal reasons, and this perception will need to be overcome before longer term change will be successful. Positively, the executive team are well aware of this challenge and willing to take on the challenge directly.

Board effectiveness and assurance – Board and Committee effectiveness is improving, although more work is needed to refine its board assurance framework

70 The findings underpinning this conclusion are based on our review of the Health Board's approach to mapping assurances and developing its board assurance framework, and progress in developing the effectiveness of the Board and its governance structures. Our key findings are set out below.

The Health Board has approved its board assurance arrangements and is developing a combined Corporate Risk and Assurance Framework (CRAF) as a pragmatic interim solution in the absence of an agreed IMTP

71 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 identified and 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.

72 Assurance mapping[3] 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.

73 We have examined the Health Board's approach for developing and reviewing its board assurance framework and how this compares to the approaches adopted by other health boards and trusts in Wales. Our key findings are set out below.

74 The Health Board has been developing its system of assurance and its understanding of what this means over the past few years. The Board itself has had direct involvement in developing and articulating its purpose, vision and strategic goals. These were developed through board development sessions and communicated through engagement events. Ultimately, the Board decided that as these strategic goals were not measurable or time-bound, they needed to be underpinned by a set of measurable objectives. .

75 In parallel with its work on strategy and the development of the IMTP for 2018, the Board continues to work on its corporate objectives which will inform the development of the Board Assurance Framework. The timeframe for this meant that the Board decided that it needed an interim solution, until its engagement and strategy work developed a sufficiently detailed picture of what services will look like in the future. This interim solution is the 'Corporate Risk Assurance Framework' (CRAF). The CRAF, which was developed with significant input from the Chair of the Audit Committee, maps the most important risks to delivery of safe and comprehensive services and population health against the assurances, controls, and mitigating actions, and assigning a specific committee for monitoring.

76 As yet, Board assurances have not yet been articulated into a board assurance map. Our view is that risk management arrangements and board assurance mapping are two separate tools, mutually complementary and allow both a top down perspective on assurance as well as a bottom up approach. Our comparative analysis on the corporate risk register and, for those NHS Wales bodies that already have them, the board assurance maps, shows that the risk register and assurance maps perform different functions. Accumulating organisational risks under the headings of corporate objectives results in a different output and requires a different thinking process to that of board assurance mapping to determine the required assurances against long-term corporate objectives and strategic goals.

77 In developing its first IMTP for 2018-2021, the Health Board will need to build upon the work it has undertaken to date to complete and publish a board assurance map to complement the corporate risk register. This map should address the following aspects identified by our comparative analysis:

[3] HM Treasury, **Assurance Frameworks**, December 2012.

- the degree to which corporate objectives have been articulated within the board assurance map to help the reader see the link between the objective and the required assurance;
- the threats that may prevent achievement of the objective;
- the controls/actions or decisions required to reduce known threats to achievement of the objective;
- allocation of senior responsible officer responsibility;
- allocation of the committee that has responsibility for assurance; and
- required assurances, as well as noting where there are gaps in assurance.

78 The Board articulated its risk appetite, and refreshed this in 2016. It understands what it is prepared to tolerate, and how it plans to mitigate and manage risks and issues across the Health Board. The Board knows and understands the key risks, but cannot be assured that all threats and risks are adequately captured until operational management structures are all fully populated and the revised risk management strategy is in operational use. There may well be other issues and challenges, hidden by historic organisational culture and isolation, yet to emerge. It is positive to see how transparently the Health Board is dealing with Mental Health service challenges, and addressing vascular surgery centralisation, but progress on other key longstanding clinical risks and issues, such as urology outpatient services, remains work in progress.

79 The revised risk management strategy sets out more clearly expectations on operational staff, and their consistent application of its principles will be the key to successful operation. Risks are now allocated from a single database to operational owners depending on where the mitigating actions are being taken. It is clear who owns each risk, and as the new system embeds, updating and tracking actions and residual risk should happen at the appropriate level. Internal Audit will review implementation and operation of the new risk management strategy in the first quarter of 2017.

In 2016, board and committee effectiveness improved, with evidence of better scrutiny and challenge

80 Our previous work highlighted issues with board and Committee effectiveness, and a number of improvements to these aspects of governance are part of the Health Board's special measures governance improvement plan. Our work in 2016 included regular board and committee observations, and monthly review of agendas and papers. The Board has revised its committee structure, and has made progress on key processes, with new standardised document formats, and supporting arrangements. The Board's administration and conduct are effective with clear schemes of delegation and accountabilities, refreshed in 2016 to reflect the new organisational structure.

81 The Health Board revised its committee structure from March 2016 following a self-assessment of effectiveness, gaps and assurance flows and reviewed the

operation of the new arrangements in November 2016. This is a positive demonstration of a growing maturity both at board, and more widely in the governance team. The board development sessions on risk appetite, risk management, assurance mapping and deep-dives into the special measures improvement framework also demonstrate the Board's willingness to learn and improve. The Health Board also annually uses committee self-assessments, based on the standard Welsh template. These historically contribute to the Annual Governance Statement and annual reporting cycle. However, these reports were not identifying areas for improvement, as a result the Health Board is developing a new committee self-assessment process for 2016-17.

82 Both our ongoing observations and the board member survey demonstrate a growing maturity and confidence in the new committee arrangements. The Board's committees include the Quality, Safety and Experience; Finance and Performance; Audit; Strategy, Planning and Population Health; Mental Health Act; and Remuneration and Terms of Service. All committees have revised and mapped annual work plans. The Committee Business Management Group (CBMG) includes executive directors, the chairs of all committees, and the Health Board's Chair. CBMG ensures that committee business is effectively co-ordinated, supports the smooth flow of assurances, and ensures appropriate cross-referral between committees. We saw no evidence that items had been overlooked, or considered in insufficient detail in our review of Board and committee papers. Key issues and challenges can be tracked through committee to Board, and the cycle of business is now clear, and meets all statutory deadlines. Joint committee meetings presented an opportunity to understand the respective roles, and complementary flows between committees, allowing committee members to understand the assurances their scrutiny can provide the wider Board. This is in stark contrast to previous years where joint Audit, QSE meetings took routine reports, and although they built relationships these meetings did not actively move forward the system of assurance.

83 Each committee manages its own action log and business cycle, and also produces summary assurance reports for the Board. Committee reports cover key assurances (both positive and negative), risks and actions. Whilst these reports are still developing, and their level of detail and transparency vary, the reports do provide the full Board with more clarity on the scrutiny provided by each committee, and the assurances that scrutiny provides the Board on the full range of the Health Board's activities, and increasingly commissioned services.

84 In 2016, we observed the outcomes of the Board's work to set standards of behaviour (etiquette), for papers (more consistent, with many good examples), and for assurance reporting by committee chairs to the Board. These developments, combined with the good integrated quality and performance report (IQPR) and detailed financial reports, put the Board in a better position to make good quality evidence-based decisions.

85 The Board undertook a full cycle of board development sessions and board briefings. These non-public sessions are designed to ensure the full board has

sufficient knowledge of key emerging themes and challenges, and provides a safe space for discussion and exploration of thorny up-coming challenges. There is a record kept of these sessions and the Chair, supported by the Board Secretary, is clearly maintains the distinction between exploration of an issue, and the potential for inappropriate decision-making in these sessions, as decision-making must be reserved for formal board meetings.

86 New Independent Member appointments over the last few years have brought additional experience of key business areas, such as voluntary sector, local government, workforce and information technology. These strengthen the key skill sets around finance and audit, and communications already within the Independent Member cohort. The Board now has a full set of Independent Members, who are all making positive contributions to its work. The Chair and Vice-Chair appointments are due for renewal in 2017, but both individuals are eligible for reappointment.

87 Fresh gaps in the Executive team in 2016 were created when the Executive Director of Nursing and Midwifery retired, the Executive Medical Director, and the Executive Director of Public Health left. These have been filled by individuals with appropriate experience of large, complex organisations. The Chief Executive recruited, and has Ministerial approval for, an additional Associate Board member, filling a critical gap in senior leadership for Mental Health Services. The final gap in the board is the Director of Therapies and Health Sciences, and this is currently filled on an interim basis.

88 As 2016 progressed, our observations indicated that the Board increasingly talked and acted as a team, demonstrating cohesion, consistency and maturity in its deliberations and decision-making. This is a positive development, and demonstrates a step-change since our initial joint work with Healthcare Inspectorate Wales in 2013.

89 The Board is transparent in its business and public reporting, and met all of its annual reporting requirements. It was one of the few health bodies that already held most committees in public. Only the Audit Committee will need to change its working practices to be fully public, and it has already determined how this will work, with its first public Audit Committee held in December 2016. It is the only Health Board with monthly public Board meetings.

90 Our observations also reveal a growing maturity in scrutiny, with examples of positive challenge as well as further questioning where required. We note particular improvement since our Board and committee observations in 2010 to 2014. However, we observe that scrutiny can at times be focussed on challenge, and it is not clear that all Board members understand the positive potential of scrutiny to drive improvement. There is still some way to go to ensure this new balance becomes the norm, and planned Board development in 2017 should include work on how to achieve balanced scrutiny.

91 In the IQPR monthly report, the Board considers performance and quality metrics, and it regularly considers quality topics in more depth as part of its agenda. For example, Professor Duerden presented his follow up findings on Infection

Prevention and Control in some depth at the July 2016 meeting. Nevertheless, the Board knows that there is more work to do and plans to refresh its assurance reporting on quality, safety and experience in 2017. The new Executive Director of Nursing and Midwifery will be leading this review. Until such a point that the Board is assured that the revised risk management arrangements and organisational structure are providing effective ward to Board information flows, this will remain an area of concern.

92 Many parts of the internal control environment are effective, with robust internal audit, and counter fraud services. Other internal controls refreshed and strengthened in 2016 include:

- clinical audit, with significantly improved reporting to Audit Committee covering the breadth, and depth of clinical audit activity across the Health Board;
- updated policies and procedures across a number of key areas, including risk and performance management frameworks; and
- signed accountability agreements from all major budget holders.

Progress in addressing previous structured assessment recommendations – The Health Board is taking action in response to our previous structured assessment recommendations, although some important actions are still outstanding

93 Our structured assessment work in 2016 has reviewed the progress made by the Health Board in addressing the six recommendations made last year. The progress made in addressing recommendations is described in Exhibit 3. In reaching our conclusion, however, we have taken progress on all recommendations into account.

Exhibit 3: Progress on 2015 recommendations

2015 recommendation	Description of progress
2015 R1 The Health Board's existing 31-page 'Action Plan' of outstanding recommendations from previous internal and external reviews should be cleansed of: (i) repeated recommendations; (ii) completed recommendations; and (iii) recommendations that are no longer relevant due to changed circumstances.	The Health Board completed this recommendation in early 2016. The Health Board's Special Measures Improvement plan now provides a single, coherent and balanced set of actions intended to improve governance. **Complete**

2015 recommendation	Description of progress
2015 R2 The remaining recommendations within the 'cleansed' Action Plan should be brigaded against the milestones within the three core themes set out in the Welsh Government's BCU Improvement Plan, as a key part of the 'Implementation Plan' that the Board is now required to produce.	The Health Board prepared and published in public Board its Special Measures Improvement Plan in May 2016. Progress is monitored by the Special Measures Improvement Group, made up of both Independent Members and Executives, and reported bi-monthly to the full Board. In terms of process actions it is now clear what actions are complete, and which actions outstanding. The Health Board undertook an internal 'deep-dive' review in October 2016 to inform its own progress report to the Welsh Government. This was to be published in November 2016. The Health Board is making reasonable progress across all of the identified governance areas, not least because capacity and capability within the governance team have been increased. **Complete**
2015 R3 The Health Board should identify those areas where it can demonstrate relative strengths as an NHS body, and build on these to support improvement and to assist in changing the prevailing organisational narrative.	The Health Board strengthened its narrative in 2016, with many examples of positive press stories. A newsletter is produced for internal and external circulation to key stakeholders outlining positive news stories and a range of other communications channels (including social media and face-to-face meetings) are being used to ensure that the organisation's strengths are widely visible. **Complete** Nevertheless, the legacy mental health issues continue to expose the Health Board to negative press-coverage. Furthermore, as engagement starts to inform the development of the new strategy, there is a risk that negative publicity may recur.

2015 recommendation	Description of progress
2015 R4 The Health Board should progress at pace its development of an Integrated Clinical Services Strategy, working in genuine partnership with its staff and with external stakeholders. This work should focus on: • both one-year planning and IMTP development; and • both immediate and long-term service and financial sustainability (linking with the Health Board's obligations under the Well-being of Future Generations Act 2015).	Strategy remains a key challenge for the Health Board, and although it has made significant progress in some areas, particularly the way it engages with public, partners, and staff it is still early days on strategy development. Nevertheless, its new planning approach, built on successful approaches elsewhere in Wales, shows promise in delivering a truly top-down, bottom-up set of plans once the wider strategy setting out what the shape and pattern of services will be is delivered. The Health Board took a reasonable decision to not start its formal engagement with the public and its partners to develop its strategy. The Health Board wanted to include feedback from the Welsh Government public engagement exercise over the summer into its own strategy development work. The impact of this decision is that the timetable for developing plans for long-term service and financial sustainability is now very tight. It is important to note that the Health Board's approach to planning, i.e. developing its strategy to set the long-term direction of travel for the IMTP is in line with the latest Welsh Government planning guidance. In the purist interpretation of the recommendation, this action is **complete**. Nevertheless the Health Board does not yet have either a strategy or an IMTP. It must maintain focus on developing its strategy and plans to ensure it meets its own challenging timescales.
2015 R5 The Health Board should strengthen its focus on Informatics and Information Governance, to underpin its planning capability, to support better decision-making and to ensure that its informatics service is well placed to support new national IT systems as they become available.	At the highest level, the Health Board has reflected carefully on what this recommendation might mean in terms of additional business cases and resources devoted to informatics. The Assistant Director of Informatics is now part of the Executive Management group, and is involved in discussions and decision-making along with executive and director colleagues. These steps in themselves, along with new executive colleagues joining from health organisations with more extensive use of digital records are helping to raise the focus and profile of informatics, and improve the position of the service to deliver improvements as national systems come on line. A number of business cases for improved IT have been approved by the Board in 2016. **Complete**

2015 recommendation	Description of progress
2015 R6 The Health Board should move away from over-reliance on external consultants by creating / identifying dedicated in-house capacity and capability to support: • change management; and • service transformation.	The Health Board has recently appointed an interim Director of Transformation. During 2016, the interim arrangements with an externally led Programme Management Office (PMO) remained in place. To the end of August 2016, the cost was £1.7 million in total, £0.6 million in the 2016-17 financial year. The PMO continues to deliver cost improvement savings, and the savings delivered offset the cost of the external PMO. It remains imperative that an internally provided and owned solution is developed. Ideally, this would be alongside, and possibly incorporated into a wider quality improvement faculty to drive and support change management and service transformation in its widest sense. **In progress**

94 In addition to reviewing the actions taken to address our 2015 structured assessment recommendations, we also considered the effectiveness of the Health Board's arrangements to manage and respond to recommendations arising from audit reports more generally. We found that the Health Board's revised arrangements for monitoring the implementation recommendations are now embedded. A tracking report identifying the status of recommendations (i.e. the number that are complete, ongoing or overdue) is considered at every audit committee meeting, and is used to challenge the pace of management response. Our review of progress on the 2015 structured assessment recommendations indicate that internal action plans identify that many actions are complete, although this was not always consistent with our assessment in terms of achieving intended outcomes or resolving the underlying issue. We also identified this as a key weakness in our follow up of previous consultant contract work. In particular, completed process actions do not always equal achieved outcome, nor did benefits realise. The executive management team now review all actions before recommending closure, and the Audit Committee scrutinises those before deciding to close an action as complete.

95 In addition to the formal recommendations that we made in previous structured assessments, we also identified a number of improvement opportunities and risks over the years. As part of our work in 2016, we found that the Health Board still has challenges in some of these areas. The new management team are confident that solutions to the outstanding issues will be identified in 2017. Our commentary below reflects a brief summary of relevant progress or issues arising.

96 In 2013, we examined the role of the newly established Quality Assurance Executive (QAE) – an executive management group, intended to take an overview of quality, safety and experience across the breadth of the Health Board's services. In 2013 and again in 2014, we highlighted that the QAE had the potential to inappropriately 'filter' unpalatable quality, safety or experience messages and thereby adversely affect the flow of assurances from ward to Board.

97 The QAE is led by the Assistant Director of Quality Assurance, and Chaired by the Executive Nurse. The theory that QAE provides detailed expert scrutiny of key issues and risks to patient experience, safety and quality is sound. The group is informed by site and area quality, safety and experience groups, which are now all in place. QAE then provides a summary assurance report to the Quality Safety and Experience Committee (QSE), allowing effective scrutiny of detail where necessary, and giving QSE an overview of risks, issues and challenges across the Health Board. Whilst it is understandable that the departure of two executives would cause some disruption in 2016, the group has not always produced timely assurance reports to QSE, and critically attendance has been patchy, particularly from the medical side in 2016. If this group is to remain in place, and its intended purpose fulfilled effectively, these challenges must be overcome in 2017. The effective operation of both QAE and supporting management structures will form a focus of our work in 2017.

98 In 2014, we cautioned on the transfer of responsibility for 'Putting Things Right' from the Executive Nurse portfolio to the Director of Corporate Services. Whilst we understood the rationale in terms of capacity and grip on operational day-to-day management, we had concerns that clinical engagement in 'Putting Things Right' would be diminished and would result in inadequate triangulation of themes undermining the Health Board's ability to learn from concerns, complaints and incidents.

99 Our own interviews and document reviews have, to some extent, reinforced this view. Whilst the Welsh Risk Pool's detailed review of concerns, complaints and incident reporting earlier in the year shows improvements in relation to internal processes, more work is necessary. There has been good progress in resolving the high numbers of longstanding complaints and incidents; however, performance in managing current complaints, incidents and concerns does not meet all targets. In particular, more work is required on:

- triangulation of complaints, incidents and concerns themes and trends with other information, such as staffing (rota fill rates), infection control data, and performance metrics, such as RTT and finances;
- learning from complaints, claims and incidents: whilst there are areas where learning can be evidenced, more work is needed to ensure lessons are disseminated, shared and change implemented systematically across the breadth and depth of the Health Board; and
- improving clinical engagement in the ownership of concerns, complaints and incidents.

100 We observe positive progress on immediate patient feedback through the IWantGreatCare pilot which will be extended by rolling out a real time feedback system following a full procurement process. Further work is also underway to involve volunteers, and establish a PALS-style service (Public Advice and Liaison Service) which would further strengthen the concerns processes.

101 The challenges of recruiting both doctors and nurses are common across the UK, yet the Health Board has made very positive steps in 2016. The 'Work where you want to Live' campaign builds upon innovative ideas pioneered in specific shortage specialities, has been well received publically, and by potential employees. Good success in recruiting Obstetrics and Gynaecology consultants has allowed the Health Board to safely manage its new obstetric model across the Health Board. The Health Board has with the impetus of Medical Revalidation improved appraisal rates in this key workforce group.

102 Other workforce challenges are more resistant to improvement, and appraisal rates for non-medical staff still vary unacceptably, with a current overall performance of 53 per cent, a substantial improvement on the 28 per cent we highlighted in 2015. Mandatory training compliance is also better than in previous years, at 68 per cent, but still below the target of 85 per cent. Sickness absence rates have improved and compare well with the rest of Wales, but remain above target at 4.8 per cent (the target is 4.5 per cent), despite an increased focus on active line manager management. These longstanding issues will be key tests of the new organisational structure and refreshed approach to staff engagement – significant improvement will indicate both are working more effectively.

Appendix 1

The Health Board's management response to 2016 structured assessment recommendations

The Health Board's management response will be inserted once the response template has been completed. The appendix will form part of the final report to be published on the Wales Audit Office website once the report has been considered by the Board or a relevant Board committee.

Exhibit 4: Management response

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R1	Review the timing of Board meetings, with a view to improve the timeline for financial reporting to the Board.	The Board will be informed of the most up to date information to inform its decisions.	No	Yes	The pattern of board and committee meetings will be reviewed to ascertain if there is an optimal schedule to address this recommendation. However, it is noted that this recommendation cannot be considered in isolation. Other matters that will be taken into consideration will include the dates when finance and performance data become available in month; the continued commitment of the board as part of robust governance arrangements, to ensure detailed scrutiny of the information by Finance and Performance Committee prior to submission of the data to the Board; the requirement for monthly Board and Committee meetings.	31 March 2017	Board Secretary

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R2	The Health Board should build upon its assurance mapping work and work towards a Board assurance map to complement the corporate risk register, and the IMTP.	The Board will know and fully understand all of the required assurances. Those health bodies who have completed tis mapping exercise identified additional assurance needs.	Yes	Yes	As the Health Board develops its IMPT, work will continue to map the sources and robustness of assurances available to the Health Board in respect of its priorities and risks. In 2017 this will be reflected within the corporate risk and assurance framework assurance arrangements in the absence of an IMTP. This is an iterative process in terms of the regular review/refresh of the CRAF. This action is complete in terms of establishment of process but will continue to be ongoing in terms of the dynamic nature of the CRAF and its regular refresh.	Ongoing	Board Secretary
R3	The Health Board should review its Board development programme and consider how it can be used to improve the balance and quality of support and challenge provided by independent members to support improvement.	This will help ensure that Board members are able to maximise their effectiveness, and the impact of scrutiny on improving services.	Yes	Yes	The Health Board has reviewed its board development programme and has developed a detailed specification to secure an external facilitator through due procurement process. Interviews/assessments are scheduled for January 2017. The programme will include a variety of development opportunities that ensure Board members can discharge their core responsibilities effectively including the balance and quality of support and challenge.	Completed	Board Secretary

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R4a	The Health Board should look at further steps to improve clinical leadership and ownership of Putting Things Right processes, to support the improvement needed in response times and learning from complaints, incidents and claims.	Improve the quality and timeliness of responses to patients and their relatives.	Yes	Yes	The Executive Director of Nursing and Midwifery, Executive Medical Director will work with the Director of Corporate Services to foster a culture of recognising concerns and patient experience feedback as a positive opportunity to improve safety and patient care. A range of actions are already in place and incorporated into the Annual Operational Plan with performance trajectories for improved performance. The following actions are specific to the Structured Assessment recommendations: • The Operational Management teams will embed structures and reporting standards to inform learning across the organisation. • Incorporation of concerns trajectories in the Operational Management Performance and Accountability regime.	30 June 2017 Complete	Director of Corporate Services Director of Corporate Services

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R4a	The Health Board should look at further steps to improve clinical leadership and ownership of Putting Things Right processes, to support the improvement needed in response times and learning from complaints, incidents and claims.	Improve the quality and timeliness of responses to patients and their relatives.	Yes	Yes	To design a package of further training across all appropriate staff groups to include: • Investigation training for clinicians and managers: – Datix training (see below) – Customer care training – Training for SIR Panel Chairs – Training in PTR regulations and processes – Through the OD Strategy, leadership development training for clinicians • To improve the quality and triangulation of data and information through the following: – Complete restructure of hierarchies in Datix to reflect operational management structures – To review revised data sets for reporting • To establish a PALS type service (in YGC initially) to deal with concerns at the outset without the need to go through PTR if appropriate.	30 June 2017 31 March 2017 31 March 2017	Director of Corporate Services/ Exec Director of Workforce and OD Director of Corporate Services Director of Corporate Services

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R4b	The Health Board should strengthen its processes for systematically reporting, cascading and implementing lessons learnt.	Ensure that lessons are learnt.	Yes	Yes	A number of processes are already in place to ensure that learning is reported, acted upon, disseminated and shared. These include: • Ward Safety Briefings • Site Matron's Meetings • Clinical Audit Days • Divisional QSE Groups • Strategic Groups for key areas (eg Falls, HAPUs, Infection Control) • Patient stories at Board Development Sessions. Further work is now needed to develop a Learning Framework for the organisation which incorporates: • Governance arrangements and reporting • Training • Communications/cascade arrangements Leadership Walk rounds (which will be further strengthen to ensure feedback is triangulated).	31 March 2017	Director of Corporate Services Executive Director of Nursing and Midwifery

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R5	Work to support a positive and open culture from ward to Board needs to expand beyond the most challenged teams to help the wider organisation understand and apply positive values and behaviours.	Help embed a new positive organisational culture, which is shared across the health board.	Yes	Yes (however noting that cultural change is a long term strategic activity not a short terms tactical activity)	The Health Board's response to Special Measures includes an extensive work programme around staff engagement. A tripartite Staff Engagement Group comprising Board Members, Trade Union Partners and Senior Managers was established to set direction and drive for this work. The Group developed a revised Staff Engagement Strategy which was approved by the BCU Board at its 18th August meeting (minute16/155 refers). The NHS Wales Staff Survey Results (BCU Report received December 2016) will further inform the engagement work programme. The Proud to Lead Leadership Behaviours Framework was developed in 2016 and will be incorporated in PADR documentation, Orientation and leadership development programmes. A workstream is also developing a proposal for a values based recruitment reflecting the Proud to Lead behaviours framework.	BCU Board Launch of revised PADR documentation incorporating the Proud to Lead Leadership Behaviours on 15 December 2016 Proud to Lead Leadership Behaviours included in Orientation programme from October 2016. Values Based Recruitment proposal by 31 March 2017.	Chief Executive/ Executive Director of Workforce and OD

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R5	Work to support a positive and open culture from ward to Board needs to expand beyond the most challenged teams to help the wider organisation understand and apply positive values and behaviours.	Help embed a new positive organisational culture, which is shared across the health board.	Yes	Yes (however noting that cultural change is a long term strategic activity not a short terms tactical activity)	The Staff Engagement Strategy Group has approved business cases for submission to the BCU Board on using commercial products for • A Leadership Development Programme that reinforces the Engaging Leadership model • Engagement toolkit that measures and tracks improvement • A business case for the further rollout of the BCU Discover, Debate, Deliver framework	Paper to BCU Board on Staff Engagement Group work programme January 2017. This will include the business cases referred to for implementation. BCU Board to approve Staff Survey Improvement Plan May 2017.	Chief Executive/ Executive Director of Workforce and OD
R5	Work to support a positive and open culture from ward to Board needs to expand beyond the most challenged teams to help the wider organisation understand and apply positive values and behaviours.	Help embed a new positive organisational culture, which is shared across the health board.	Yes	Yes (however noting that cultural change is a long term strategic activity not a short terms tactical activity)	Other elements of the work programme • Photoboards at main hospital sites • Seren Betsi recognition awards • Listening Leads • Staff Engagement Ambassadors	Photoboards at all main sites March 2017. Seren Betsi pilot commenced December 2016. First tranche of Ambassadors and leads identified November 2016.	Chief Executive/ Executive Director of Workforce and OD

Ref	Recommendation	Intended outcome/benefit	High priority (Yes/No)	Accepted (Yes/No)	Management response	Completion date	Responsible officer
R6	The Health Board must maintain focus on developing its strategy and plans to ensure it meets its own challenging timescales.	This action is critical to the success and sustainability of the health board. A continued focus is essential.	Yes	Yes	The Board has approved a timeline for developing the strategy at the meeting of November 2016. Strategic proposals will be developed by July 2017 and the Integrated Medium Term Plan will be prepared by March 2018. In the interim the board will set out its Annual Plan for 2017-18 by March 2017.	November 2017	Executive Director of Strategy

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