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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2019 structured assessment work at Public Health Wales NHS Trust (the Trust). The work has been undertaken to help discharge the Auditor General's statutory requirement, under section 61 of the Public Audit (Wales) Act 2014, to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
- 2 Our 2019 structured assessment work has included interviews with officers and Independent Members, observations at board and committee meetings and reviews of relevant documents, performance and financial data.
- 3 The key focus of structured assessment is on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. This year, we paid critical attention to the progress made to address recommendations and opportunities for improvement identified in 2018 and previous years. The report groups our findings under four themes – the Trust's governance arrangements, strategic planning, managing financial resources, and managing the workforce.

Background

- 4 Our 2018 structured assessment concluded that the Trust's corporate governance arrangements generally work well but it could improve the quality and breadth of information presented to the Board. The Trust was managing its workforce, finance and physical assets well but could improve aspects of procurement, financial reporting and workforce performance. The Trust delivered a balanced financial position in 2018-19 and looks likely to break even again in 2019-20. It met duties to break even over a rolling three-year period (2016-17 and 2018-19) and to have an approved integrated medium-term plan (IMTP) for the period 2018-19 to 2019-20.
- 5 The IMTP sets out the Trust's plans to adapt its governance model to deliver its long-term strategy and is currently exploring how accountability relates to the strategic priorities and directorates. Since we reported last year, the Trust has restructured its organisational and Board Committee structure. In 2019, the new Knowledge, Research and Information Committee and advisory forum to the Board on Technology and Innovation in Health and Well-being became operational. The Trust also established a directorate of Knowledge and a directorate of Policy and International Health, World Health Organisation (WHO) Collaborating Centre on Investment for Health Well-being¹.

¹ The Trust was designated a World Health Organisation collaborating centre on investment for health and wellbeing in March 2018.

- 6 The Trust has assigned senior leadership responsibility for each of its strategic priorities and operates strategic priority groups to plan and oversee delivery. Ongoing recruitment difficulties mean that two members of the Executive team are in interim posts after the Trust failed to appoint a Director of Knowledge and an Executive Director of Health and Well-being. The Trust plans another recruitment drive to recruit to these posts before the end of the financial year.
- 7 The Welsh Government wrote to the Trust in September 2019 confirming its Joint Escalation and Intervention² status as 'routine arrangements'. The letter highlighted delivery and sustainability of screening services as an area of concern. The Welsh Government set the Trust specific accountability conditions in several areas³ including screening services in its letter approving the IMTP in April 2019. The Trust's reports to the Welsh Government show it is making progress addressing specific conditions.
- 8 In the future, the 1000 Lives Programme, and the two hosted bodies, the NHS Wales Financial Delivery Unit and NHS Wales Health Collaborative, will be transferred from the Trust to the Welsh Government's new NHS Executive. The Welsh Government has yet to confirm timescales. In addition, on 1 October 2019, the Trust transferred 30 full-time equivalent Stop Smoking Wales staff to health boards. The transfer represents a recurrent budget transfer of £1.7 million per year from 2020-21⁴ which has been apportioned to health boards based on smoking prevalence in each area.
- 9 As this report provides a commentary on key aspects of progress and issues arising since our last structured assessment, it should be read with consideration to our [2018 review](#).

² We meet with the Welsh Government and Health Inspectorate Wales twice a year to assess all NHS bodies against the Joint Escalation and Intervention Framework.

³ Other accountability conditions were to develop the National Health Protection Service prioritising microbial services as part of the work, make rapid improvement in immunisation rates, and provide clarity on deliverables and milestones in relation to health and wellbeing.

⁴ Including pro rata funding from October 2019 to March 2020.

Main conclusions

- 10 Our overall conclusion from 2019 structured assessment work is that **the Trust is generally well led and well-governed and has made good progress adapting its processes and structures to better deliver its strategic priorities**. The Trust has an ambitious programme of work planned for the rest of 2019-20 including revising the outcome measures in its long-term strategy, adapting its performance framework and developing a framework to measure value and impact. Going forward, we would expect the Trust to co-ordinate workstreams to ensure it makes relevant links and does not duplicate work. We will look to review progress in next year's structured assessment.
- 11 **The Trust is generally well-led and well-governed, and is identifying ways to improve data quality, incident management and cyber security**. The Board continues to operate effectively and seek opportunities to improve. The Trust has effective performance and risk management arrangements and is identifying improvements where gaps or weaknesses exist. The Trust has made good progress aligning its structures and processes to its strategic priorities and is scrutinising parts of the business not typically covered by its Board and committees.
- 12 **The Trust has a strong approach to strategic planning but development of the informatics and workforce plans has been slow**. Board members and stakeholders are engaged in the planning process and the Trust is starting to engage stakeholders in the delivery of its strategy. Progress developing supporting workforce and digital plans has been slow. However, the Trust plans to finalise its People Strategy and workforce plan in January 2020 and produce an implementation plan to improve its informatics function. The Trust has a strong approach to monitoring delivery of its strategic plan and is improving the format of its Board reports to make the information more accessible.
- 13 **The Trust has robust financial management arrangements is well-placed to achieve a balanced financial position for 2019-20**. Arrangements include strong financial planning and management controls. Board finance reports include detailed information on spending and savings plans. Service re-investments are reported annually to the Board but the Trust could report more regularly on the impact of re-invested efficiency savings.
- 14 **The Trust continues to improve the wellbeing and productivity of its workforce but needs to increase the pace of workforce planning to deliver its IMTP and long-term strategy**. The Trust has improved workforce performance in key areas and promotes staff wellbeing but has not yet set out its plans for workforce learning and development.

Detailed report

Governance

- 15 As in previous years, our structured assessment work has examined the Trust's governance arrangements. We looked at the way in which the Board and its sub-committees conduct their business, and the extent to which organisational structures are supporting good governance and clear accountabilities. We considered the information that the Board and its sub-committees receive to help it oversee and challenge performance and monitor the achievement of organisational objectives.
- 16 In 2019, we found that **the Trust is generally well led and well-governed and is identifying ways to improve data quality, incident management and cyber security**. Our findings are set out below.

Conducting business effectively

- 17 **Despite recruitment challenges, the Board continues to operate effectively and demonstrates a commitment to continuous improvement.**
- 18 Board and committee meetings are well-timed with enough time for discussion. Papers generally present clear, accurate information and members give regular, constructive challenge on the style and quality of content. Board and committee papers are published in advance on the Trust's website. The Trust's Standing Orders state that committee meetings should be held in public unless there is a valid reason for not doing so. However, terms of reference for the Knowledge, Research and Information, People and Organisational Development, and Quality and Safety committees do not specify whether meetings will be held in public, or whether papers will be published in advance.
- 19 Members have been particularly interested in the quality of information on the Trust's impact on population health. As a result, the Trust is working with the Board to review its outcome measures to consider whether they are relevant to its strategic priorities and measurable.
- 20 Some Non-Executive Directors described challenging workloads due to unfilled Non-Executive Director posts and some felt vacancies limited the level of challenge. Nonetheless, we observed healthy challenge at Board and Committee meetings during our audit. The Trust used an agency to aid recruitment and hopes to appoint two Non-Executive Directors in October 2019.
- 21 The Board and committees have an annual self-assessment cycle. The Trust has written an action plan to address common issues identified in the assessments with specific actions for each committee. The Trust also wants to increase the pace of implementing governance arrangements aligned to its strategic priorities and has created a new Assistant Director of Integrated Governance role to lead the work. The Trust was unable to recruit in the summer but hopes to appoint to the role this autumn.

- 22 The Board has continued to delegate oversight and scrutiny to its committees so it can focus on strategic issues, including a new standing agenda item on strategic partnerships. Committees continue to provide good flows of assurance and risks to the Board. Some committees are reviewing assurance flows to identify possible duplication and gaps. We found that board members have a good understanding of the role, remit and function of the Board and its committees.
- 23 Several committees use 'deep dives' to explore topics in more detail. The Board Business unit has written guidance for officials preparing deep dive presentations including questioning tips for members. The new Knowledge, Research and Information Committee is still evolving as members get to grips with the new topic area. The new committee is giving members an insight into parts of the business that may not have been scrutinised at committee level in the past. The Committee has not relieved workload pressures for the Quality Safety and Improvement Committee as hoped, but this is because the latter is now better sighted of issues within its remit. The Quality Safety and Improvement Committee is exploring whether to extend its meetings to accommodate additional areas of work arising from its analysis of gaps in assurance.

Managing risks to achieving strategic priorities

- 24 **The Trust has a strong Board Assurance Framework which is being used for effective scrutiny. The Framework is supported by a well-documented risk management system.**
- 25 The Board Assurance Framework effectively supports the Board and Executive team in monitoring and managing risks to achieving strategic priorities. The Framework is received in full by the Board and Audit and Corporate Governance Committee currently at every meeting, and relevant parts are reviewed by other committees. The Executive team review the Framework in monthly meetings. The Framework sets out the Trust's risk appetite, strategic risks, key controls, as well as assurance and gaps in controls. Where gaps exist, the Framework includes actions to address them. We observed effective scrutiny of the Framework at Board and Committees. Members regularly challenge progress addressing gaps in controls but also whether the controls themselves are the right ones. The Trust continues to seek feedback from members to improve its Framework. The Board Business Unit plans to update the Framework this winter including information to show members what level of confidence they can have in the assurance controls for each risk.
- 26 The Board sets the Trust's annual risk appetite based on its IMTP. The Trust is aligning its risk management arrangements to its strategic priorities. The Chief Risk Officer is currently working with strategic priority groups to determine a risk appetite for each strategic priority and hopes to finalise the work before April 2020. After the risk appetite has been agreed, the Trust will develop further risk management arrangements for each priority. The Trust has assessed its risk management system against the requirements of international risk management standard

ISO31000 as 'developing'. In February 2019, Internal Audit assessed the Trust's risk management arrangements as providing reasonable assurance. The Trust reports that it has implemented all six recommendations in the Internal Audit report.

Embedding a sound system of assurance

- 27 **The Trust has a strong performance management framework and has improved the information reported to the Board on the breadth of its business. The Trust is identifying ways to improve data quality, incident management and cyber security.**
- 28 The Trust has effective processes for monitoring and reporting on performance. The Trust has revised its integrated performance report to the Board to measure progress against its strategic priorities. The new report captures more of the Trust's business than previously and shows more clearly how some services and functions contribute to achieving its strategic priorities. So far, Executive and Non-Executive Directors have found the report easier to read. The report also seems to be focusing discussions more clearly on strategic priorities. In August 2019, the Trust reported that 88% of actions to deliver its strategic priorities were on target for delivery. In particular, the Trust noted improvements to areas the Welsh Government had previously expressed concerns about: namely Breast Test Wales, Diabetic Eye Screening and New-born Bloodspot Screening. The Trust also intends to improve its approach to data quality management to provide assurance that performance information is accurate.
- 29 The Trust is building on existing performance management arrangements to focus more on impact. It is finalising a new Performance Framework to focus on the outcomes it wants to achieve whilst ensuring the quality of the services and functions it provides. The Framework is designed to align with the new single outcomes framework for health and social care⁵. The Framework will also link to the Trust's work to demonstrate value and impact. The Trust has been exploring value and impact for several years and plans to develop a Value and Impact Framework during autumn 2019. The Framework will draw on different concepts of value and impact to include traditional value for money associated with economy, efficiency and effectiveness, values-based healthcare in terms of outcomes that matter to patients, and financial, social and environmental return on investment.
- 30 The new committee structure has brought parts of the business more clearly into the system of assurance. As a result, the Trust has a clearer picture of the areas of its business it needs to understand better. 1000 Lives, Healthy Schools and the WHO Collaborating Centre are all in committee workplans. The Trust is strengthening performance indicators for 1000 Lives and Healthy Schools, and indicators in other areas will be informed by its work on outcome measures. In

⁵ The single outcomes framework will combine the three existing frameworks for the NHS, social services and public health. The Welsh Government aims to finalise the framework by the end of 2020.

addition, the Trust's Evaluation and Impact team conducts evaluations on the effectiveness of specific programmes identified by the Executive Team. The team's 2019-20 work plan includes evaluations of Help me Quit, Healthy pre-school programme and Bowel Screening Wales. The Knowledge, Research and Information Committee receives information on the delivery and outcome of these evaluations.

- 31 Work to implement the Trust's Quality and Impact Framework has largely been completed. The integrated performance report now includes quality and impact indicators. The Trust plans to revise the indicators by March 2020 and combine them with other performance indicators once it has refined its outcome measures. The Trust is currently implementing 2019 internal audit recommendations focusing on arrangements to ensure performance data on the indicators is accurate. The Trust wants to improve its incident management approach including raising awareness of the importance of raising concerns and the process for doing so. More widely, the Trust wants to increase awareness of the importance of governance across the organisation including the role of the Board and its committees, and guidance for staff on what to expect and how to behave at meetings. Once the post is filled, the Trust intends the new Assistant Director of Integrated Governance to lead work on improving organisational culture around good governance and incident reporting. The Trust told us that a lack of staff is affecting how quickly incidents are reported and closed and limiting shared learning. The Trust does not have staff to assure the quality of its analysis of the causes of incidents. The Trust is also aware of specific areas where it could improve information sharing with external organisations to learn from the collective approach to incident management, such as disease outbreaks. The Trust is reviewing staff levels and arrangements to improve incident management. We will undertake a more detailed examination of the elements underpinning the Trust's quality governance arrangements in early 2020.
- 32 In December 2018, Internal Audit assessed the Trust's information governance controls to manage the risks associated with the General Data Protection Regulation as providing substantial assurance. The Trust has assigned Data Protection Officer status to its Chief Risk Officer and set out the Officer's roles, responsibilities and lines of accountability in its Information Governance policy. The Trust has a high compliance rate for mandatory staff training on information governance (88% compared to the NHS Wales target of 85%). The Trust has an information asset register showing information processing and flows, and is reviewing its agreements with third parties to ensure data protection arrangements are included.
- 33 The Trust is taking action to implement actions identified by Internal Audit and the all-Wales Stratia review. The Trust recruited a cyber-security and firewall specialist in October 2018 and is reviewing informatics resources to improve its cyber security arrangements.
- 34 The Audit and Corporate Governance committee continues to use its internal and external audit logs to monitor the Trust's progress implementing audit

recommendations. Action logs for the board and other committees are used to monitor progress where items are remitted from the Audit and Corporate Governance Committee.

Ensuring organisational design supports effective governance

- 35 **The Trust is changing its structures to better enable delivery of its long-term strategy, and recognises it could improve lines of sight across the organisation.**
- 36 New organisational structures and processes to support them are evolving, and so far seem to be improving integration. The seven strategic priority groups have met since September 2018 to oversee delivery of the strategic priorities. The Trust reviewed the groups in May 2019 and identified areas for improvement in membership, accountability and reporting, and ways of working. Executives found the groups helpful in supporting cross-organisational working. The Trust has nominated senior responsible officers for each priority. The Trust intends its matrix working approach to encourage collaboration and introduce healthy challenge into its Executive team.
- 37 The Director of Knowledge is currently being filled on an interim basis because the Trust was unable to appoint during the last recruitment exercise. The Trust recognises that the Knowledge directorate needs restructuring but is waiting for a new Director to lead the work. The Trust hopes to appoint in a second round of recruitment in the first half of 2020.
- 38 The new structures have helped the Trust identify areas where it needs to improve lines of sight from staff delivering frontline services or functions through to the Executive team and Board. The Trust is improving its understanding of assurance flows across the organisation and developing its processes as a result. The work will form part of the new Assistant Director of Integrated Governance's portfolio once this role is filled.
- 39 Since our review of Collaborative Arrangements to Manage Local Public Health Resources in 2017, the Trust has worked with health boards and the Welsh Government to develop a strong culture of collaboration. Our follow-up work in 2019 identified good structures and arrangements to deliver tobacco control work, but room for improvement in others. The Trust is improving its accountability arrangements to ensure value for money of the local public health team staff it funds in each health board, but has more work to do.

Strategic planning

- 40 Our work considers how the Board sets strategic objectives for the organisation and how well the Trust plans to achieve these, using the resources that it has, or

can, make available. We also examine the Trust's arrangements for monitoring progress against its objectives and the difference it is making.

- 41 In 2019, we found **the Trust has a strong approach to strategic planning but development of the informatics and workforce plans has been slow.** Our findings are set out below.

Setting the strategic direction

- 42 **The Trust has developed a long-term approach to strategic planning based on analysis of evidence and good engagement with stakeholders.**

43 In 2018 we noted that strategic priorities in the Trust's long-term strategy 2018-2030 are mirrored in its wellbeing objectives which are linked to the wellbeing goals for Wales. Long-term planning drew on information about the health and wellbeing of people in Wales⁶ and extensive engagement with staff, the public and other stakeholders at an early stage. The Trust used innovative techniques to challenge and inspire the Board and Executive team to develop a long-term vision. In February 2019, Internal Audit assessed the Trust's stakeholder engagement for the strategy as providing substantial assurance. The Trust sees long-term planning as an ongoing process and plans to reflect on the information in its strategy as it reviews its outcome measures. Long-term planning goes beyond delivery of the long-term strategy. Managing the impact of the UK's exit from the European Union has been discussed regularly at Board and Audit and Corporate Governance Committee throughout 2019. More recently, the Trust has started looking at the impact of a 'no-deal Brexit' on its strategic priorities and whether it needs to reprioritise some activities as a result.

44 The Trust continues to engage Board members in strategic planning and consults regularly with relevant stakeholders to inform aspects of its work. Stakeholders receive timely feedback on their input including feedback events for staff. Following its review of the strategic priority groups, the Trust plans to improve the way it engages and informs staff on the delivery of the long-term strategy.

45 Board members regularly hear staff and user experiences and the Trust has better linked their stories to agenda items and strategic priorities. The Trust is also improving its engagement with children and young people. In 2019, it published two additional Annual Quality Statements: one written by and for 7 to 10 year-olds, and another for young people aged 11 and over. The Trust also established a Young Ambassadors programme to give young people aged 11 to 21 the opportunity to influence delivery of its strategy. The Trust plans further improvements to its approach to engaging with people of all ages including the potential to establish a people's panel to provide additional scrutiny of implementation of the Strategic Equality Plan.

⁶ Set out in *Health and its Determinants in Wales 2018*.

Developing strategic plans

- 46 **The Trust currently lacks clear plans to show how its workforce and informatics function can best support its long-term strategy.**
- 47 The Trust submitted its IMTP on time and is well-placed to do so next year. The Trust's IMTP (strategic plan) sets out the objectives and actions it will take from 2019-2022 to deliver the seven strategic priorities in its long-term strategy. Planning processes continue to improve and are informed by learning from stakeholders and an evolving evidence base. The Trust is an outward-looking organisation seeking to learn from issues affecting other NHS bodies, such as the review of maternity services at the former Cwm Taf University Health Board⁷. The IMTP is underpinned by a balanced financial plan. We reviewed the Trust's financial planning assumptions and found them to be robust and reported to the Board. The Trust has integrated capital and revenue planning into wider IMTP planning linking plans to delivery of strategic priorities. The IMTP could be based on a more robust analysis of the Trust's capacity to deliver. Last year, we reported that the Trust did not have an organisation-wide plan setting out workforce requirements to support delivery of the long-term strategy and IMTP. The Trust aimed to finalise its workforce plan to inform this year's IMTP (2019-2022) but has pushed the deadline back to autumn 2019. The Trust is currently finalising its People Strategy to support delivery of its long-term strategy and workforce plan to set out staff resources in the medium term. The People and Organisational Development team plans to work with strategic priority groups, Executive Directors and the Local Partnership Forum in autumn 2019 to help them understand future workforce needs relating to each priority using its workforce planning toolkit. The work will inform next year's IMTP. We have not reviewed the quality or assumptions in the toolkit or workforce plan. Skills development and workforce planning are discussed in [paragraphs 70 to 73](#).
- 48 Our 2018 review said that the Trust did not have a digital strategy or programme management arrangements to deliver informatics improvements to support delivery of the long-term strategy. We also identified gaps in the Trust's approach to prioritising digital resources. The Trust also recognises that the informatics team could improve its understanding of what the Trust wants to achieve and better support strategic planning. The Trust commissioned an external review of its informatics function which has recently concluded. The Trust is producing a plan to implement recommendations from the review. The Welsh Government is due to allocate funding to all NHS bodies in Wales for digital improvement through its £50 million Digital Priorities Investment Fund. The Trust will receive £1.42 million of the funding in 2019-20 to improve cyber security and network bandwidth across the organisation. The Welsh Government's investment and external review provide opportunities for the Trust to improve the role of informatics in strategic planning and governance arrangements for prioritising informatics resources.

⁷ Now Cwm Taf Morgannwg University Health Board.

Monitoring delivery of the strategic plan

49 **The Trust has a sound approach to performance management and continues to improve its monitoring and reporting of strategic plans.**

50 The new integrated performance report gives clear information on progress against individual actions underpinning the strategic priorities, including reasons behind slippage and actions to address them. The report also shows performance indicators based on population health which goes some way to helping the Trust understand the impact of its work. The Trust drew on good practice and learning from organisations across Wales to design the report. It is also procuring a business intelligence system to further improve the information in its reports. Each Board meeting includes discussion on the performance report and a focussed discussion on one of the strategic priorities. The Trust is also considering how to better integrate enabling functions, such as people and organisational development and informatics in strategic planning, drawing on feedback from its review of the strategic priority groups. Internal Audit assessed the Trust's structures and processes for performance management and reporting as providing substantial assurance in 2019. Internal Audit found that the integrated performance report was appropriately reviewed by the Executive team and the Board. It also found that departmental performance was appropriately monitored, reported and escalated if necessary.

51 The Trust set up a project management office in 2018. The office aims to support delivery of the long-term strategy by embedding a systematic and consistent approach to planning and managing specific change projects across the organisation. The office did a self-assessment against the Office for Government Commerce PMO Maturity Matrix and aims to achieve level three⁸ within two years. The office launched the Public Health Wales project management method and toolkit in September 2019. From September, the Trust has categorised all new projects according to value, reach and risk to determine the level of authorisation, control tools and governance required. The initial signs are good, but it is too early to judge the effectiveness of these arrangements.

Managing financial resources

52 We considered the action that the Trust is taking to achieve financial balance and maintain 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. We also reviewed the progress made in addressing our recommendations. We found that **the Trust has robust financial management arrangements and is well-**

⁸ The matrix has five levels of maturity: level 1 'initial process', level 2 'repeatable process', level 3 'defined process', level 4 'managed process and level 5 'optimised process'.

placed to achieve a balanced financial position for 2019-20. Our findings are set out below.

Financial planning, management and controls

53 The Trust's financial planning arrangements continue to work well and the Trust has improved its procurement arrangements.

54 Last year's structured assessment found the Trust's financial planning arrangements to be robust. Arrangements are largely unchanged from last year and continue to include good support for budget holders. The budgetary control framework sets out clear responsibilities for budget holders including how they should work with the central finance function to ensure they stay in budget. The process to identify savings and re-invest efficiency savings is well embedded and understood. When schemes have been identified, the Trust requires budget holders to risk assess each of their savings schemes. Risk assessments include potential service delivery impact and mitigating actions to address identified risks.

55 The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect fraud and overpayments by matching data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. It is a highly effective tool in detecting and preventing fraud and overpayments and in helping organisations to strengthen their anti-fraud and corruption arrangements. Participating bodies submitted data to the current NFI data matching exercise in October 2018. In January 2019, the Trust received 848 data-matches through the NFI web application. Whilst we would not expect the organisation to review all data-matches, some of the matches are categorised as 'recommended matches'. These are matches considered to be of high-risk and therefore recommended for early review. The Trust's matches included 159 recommended matches. The NFI web-application, which records the findings of the Trust's review of its data-matches, shows that as at 15 October 2019, the Trust had made good progress in reviewing most of the high risk matches with enquiries ongoing in a small number of cases. The Trust agreed it would investigate 10% of non-pay/creditors matches and conduct further investigations if it identified anomalies. The Trust reports that it has met its 10% target and no significant issues have arisen requiring sampling across the data match categories⁹.

56 The Trust amended its Standing Orders and Scheme of Delegation in 2018 but has not reflected changes to its organisational or committee structure since then. Welsh Health Circular 2019/027 requires all NHS bodies to update Standing Orders and delegation of powers by 30 November 2019. In 2019, Internal Audit assessed the

⁹ The Auditor General is undertaking further work to examine the effectiveness of counter fraud arrangements across the public sector in Wales, with a view to publishing his findings in summer 2020. His work will be informed by local fieldwork commencing in late 2019.

Trust's systems and controls for managing declarations of interest as providing reasonable assurance and identified areas for improvement.

- 57 In 2018, we made one recommendation in relation to procurement because we noted that the number of Single Tender Actions (STAs) and Single Quotation Actions (SQAs) was growing. We recommended that the Trust strengthen its controls. Since then, the Trust has made good progress reviewing its procurement activity and has reduced the number and value of STAs and SQAs. **Exhibit 1** describes the progress made.

Exhibit 1: progress on 2018 procurement recommendation

2018 recommendation	Description of progress
<p>The number of STAs and SQAs appears to be growing and the narrative set out in procurement reports indicates that controls could be further strengthened. The Trust should:</p> <ul style="list-style-type: none"> a) establish a system to monitor and report on trends in STAs and SQAs; b) consider reintroducing information on the total number and value of competitive tenders and quotes to provide context against which to assess the number and value of STAs and SQAs; and c) provide the Audit and Corporate Governance Committee with information on the effectiveness of actions to ensure compliance with procurement policies and procedures. 	<p>Implemented. The Trust has reviewed its (STAs) and (SQAs). It has identified future tenders and worked with business managers and procurement champions to improve compliance with the documented tender process. Procurement champions provide advice and guidance to staff on reducing the numbers of STAs and SQAs. The Trust now monitors and reports trends in STAs and SQAs, to its Audit and Corporate Governance Committee. Procurement reports explain the reasons for STAs and SQAs and further action taken to improve compliance and reduce the need for future STAs and SQAs.</p>

Oversight and scrutiny of financial performance

- 58 **Finance reports to the Board provide appropriate information on income, expenditure and financial savings and but not on how well efficiency savings are re-invested.**
- 59 Finance reports to the Board continue to detail the Trust's financial forecast and associated savings plans. Last year we reported there were differences in the way the Trust reported its savings plans in its finance reports to the Board and in its financial returns to the Welsh Government. In response to our structured assessment work, the Trust has changed how it reports the value of savings delivered in-year. Savings are now profiled as being delivered in equal twelfths throughout the year. Internal finance reports and monthly monitoring returns to the Welsh Government are now comparable. The finance reports have also been updated to reflect the NHS Good Practice Guide and include actions taken by the Executive team to give more transparent information to the Board.

60 Service re-investments are reported to the Board as part of setting the financial strategy for the year, but not throughout the year. Regular reports would help the Board scrutinise progress of re-investment plans funded by savings. Our 2017 Structured Assessment report recommended that the Trust include information in its Board finance reports on the performance of re-investment plans funded through efficiency savings. The Trust intended to include the information from month 6 in 2018. However, the Trust has not yet updated its finance reports to include re-investment information but plans to do so once the Welsh Government confirms additional funding streams. Finance reports should include information to enable the Board to assess whether the Trust's strategic priorities and services are affected when re-investments have not progressed as planned.

Financial performance

61 **The Trust has an excellent track record of delivering its financial strategy and it is well-placed to break even for 2019-20.**

62 The Trust's financial strategy sets out its spending plans for the year totalling some £146 million. At month 5, the Trust is forecasting it will break even at the year-end with a small surplus of £79,000 being reported for the year to date. The Trust identified at the start of 2019-20 that £1.1 million of savings were required and is forecasting that these will be delivered as expected. The Trust has £1.3 million of discretionary capital funding for the year. At month 5 the Trust is forecasting that it will spend this allocation by February 2019. We have not identified any issues from our work that indicate additional risks to the financial position over and above what has been reported to the Board.

Managing workforce productivity and efficiency

63 We considered the action that the Trust is taking to ensure that its workforce is well managed and productive. We also assessed arrangements for addressing training and development needs and action to engage and listen to staff and address wellbeing needs.

64 We found that **the Trust continues to improve the wellbeing and productivity of its workforce but needs to increase the pace of workforce planning to deliver its IMTP and long-term strategy.** Our findings are set out below.

Managing the workforce

65 **The Trust continues to address the efficiency and productivity of its workforce and is implementing plans to address specific workforce issues.**

66 The Board, People and Organisational Development Committee, and Business Executive Team monitor performance on key workforce indicators at every meeting. The Trust benchmarks its performance against other NHS Wales bodies for comparison. In March 2019, the performance report to Board showed staff

vacancies and team capacity as one of the main reasons some IMTP actions were behind schedule. In July 2019, the People and Organisational Development team presented a paper to the Business Executive team analysing recruitment processes. The analysis showed that most recruitment activity was timely and compared well to other NHS bodies. The paper explained the reasons why some posts took longer to fill and identified areas for improvement. In particular, the paper set out plans to improve the pre-recruitment process. The Trust reduced the number of days between requesting a vacancy on the Trac system and issuing a conditional offer letter from 39 days in June to 36 days in July 2019, which is better than NHS Wales Shared Services Partnership's 'time to hire' target of 44 days.

- 67 The Trust is working to improve staff turnover and has started reporting additional information to show the difference between staff leaving the organisation at the end of fixed term contracts, and those leaving for other reasons. Overall staff turnover for the rolling 12-month period to July 2019 got worse since last year (from 10.3% to 11.3%). However, turnover excluding fixed term staff was 8.9% which is below the NHS best practice figure of 10%. Improvements include surveying all staff who left the organisation in the last year to understand their reasons for leaving. The Trust is also defining what it needs to offer employees in order to recruit, develop and retain the right workforce.
- 68 The Trust is trying to reduce its spending on agency staff (medical and non-medical). In 2018-19 the Trust spent £2.2 million on agency staff or 2.7% of its total pay bill. So far¹⁰, the Trust has spent £642,000 on agency costs in 2019-20 which is 1.7% of its total pay bill to date. The Trust's year-end forecast puts agency spending at £1.5 million, 1.6% of its predicted total pay bill. The Trust is reviewing its use of administrative and clerical agency staff and has introduced additional scrutiny of business cases for agency staff to make sure its directorates consider alternative options. The Trust has redesigned some job roles to increase capacity and has discussed medical recruitment issues with the Deanery to reduce agency spending on medical and dental staff.
- 69 The Trust's annual rolling sickness absence figures have stayed around 4% of full-time equivalent staff lost for the past year but have improved slightly since January (compared to the all-Wales average of 5.4%). The People and Organisational Development team continue to visit divisions with the highest sickness rates to understand the reasons and offer support. The Trust is also mandating Managing Attendance at Work training for all line managers.

¹⁰ At August 2019.

Training and development

- 70 **Compliance with statutory and mandatory training is improving but the Trust needs to develop and implement its strategic approach to learning and development more quickly.** The Trust's people strategy and workforce plan are a year overdue, which limits progress identifying and addressing current and future workforce needs.
- 71 The NHS Wales Delivery Framework 2019-20 sets a target that 85% of staff must have had an appraisal in the previous 12 months. The Trust's own target is 90%. Performance has improved since 2018 but is still under target at 60%¹¹ (compared to the all-Wales average of 70%). The Trust has indicated that some appraisals are not routinely captured on its Electronic Staff Record System because 80% of staff responding to the staff survey in 2018 reported having an appraisal in the last 12 months. The People and Organisational Development team has completed an exercise to input data for staff without an appraisal on the system but in future it will be line managers' responsibility to ensure compliance. From April 2019, members of the Executive team were all given a personal objective on appraisal compliance.
- 72 Compliance with statutory and mandatory training continues to improve. In August 2019, the Trust exceeded the NHS Wales Delivery Framework 2019-20 target of 85% for compliance with level one core statutory and mandatory training. However, at 92%, compliance fell just short of the Trust's own target of 95% against all statutory and mandatory training. The Trust is currently consulting staff on its statutory and mandatory training policy.
- 73 The Trust has made slow progress developing its people strategy and workforce plan, partly due to a lack of capacity in the People and Organisational Development Team. Until the plan is finalised, it is difficult to see how the Trust will develop learning activities to support staff to deliver the IMTP. In addition, the Trust has not set out its future workforce requirements to deliver the long-term strategy or what it will do to meet those requirements. The People and Organisational Development Committee reviewed the Trust's progress developing the strategy and plan before Board approval. The Board and other committees also have regular updates where workforce issues relate to delivery of the IMTP.

Staff engagement and wellbeing

- 74 **The Trust has demonstrated its commitment to staff engagement and wellbeing and continues to seek improvements to its approach.** The Trust has implemented staff schemes and is addressing specific issues from its staff survey in 2018.
- 75 The Trust continues to demonstrate its commitment to improving the wellbeing of its staff. In 2019, it achieved the Gold Corporate Health Standard and has a number of initiatives to support its staff including Disability Confident, Time for

¹¹ As of August 2019.

Change and the Working Forwards Pledge to support pregnant employees and new parents. The Trust is a member of the Stonewall Diversity Champion Scheme and is now ranked 173rd out of the 445 organisations in the Workplace Equality Index (an improvement of 165 places from last year). The Trust is preparing to apply for an Organisation of Sanctuary award by the end of the financial year. City of Sanctuary UK recognises organisations supporting people seeking sanctuary as refugees or asylum seekers through its awards programme.

- 76 The Trust has good structures to enable staff and stakeholder groups to feed their views through to the Board and its committees through staff and user stories. Staff stories at the People and Organisational Development Committee are aligned to internal staff networks so members hear experiences from staff with protected characteristics and staff who may need additional support. We observed the committee agree actions to address issues raised in staff stories and include updates of the Trust's progress addressing the issues in its action log. Low numbers of trade union representatives mean that staff representatives have not always had the resources to comment on relevant staff policies. The Trust's People and Organisational Development team is currently looking at ways to support staff who want to do trade union roles.
- 77 The Trust provides regular updates to the People and Organisational Development Committee on its action plan to address issues in the 2018 Staff Survey. One hundred and forty-two staff attended focus groups to discuss the survey results and suggest ways to improve. The plan includes actions to improve employee wellbeing in relation to stress, harassment, bullying and abuse, team working, managing and communicating change, and job satisfaction and to address reasons for working whilst unwell. Each directorate, and divisions within the Public Health Services and Health and Well-being directorates, will produce specific local action plans.

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