Structured Assessment 2018 – **Velindre University NHS Trust**

Contents

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Appendices

About this report

1   This report sets out the findings from the Auditor General's 2018 structured assessment work at Velindre University 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 2018 structured assessment work has included interviews with officers and Independent Members, observations at board, committee and management meetings and reviews of relevant documents, performance and financial data. We also conducted a survey of board members across all health boards and NHS trusts. Seven out of the twelve board members invited to take part at the Trust responded.

3   This year's structured assessment work follows similar themes to previous years' work, although we have broadened the scope to include commentary on arrangements relating to procurement, asset management and improving efficiency and productivity. The report groups our findings under three themes – the Trust's governance arrangements, its approach to strategic planning and the wider arrangements that support the efficient, effective and economical use of resources. The report concludes with our recommendations.

4   Appendix 1 summarises the action that has been taken to address previous year's structured assessment recommendations. Appendix 2 sets out the Trust's response to the recommendations arising from our 2018 work.

Background

5   During 2017-18, the Trust remained on routine monitoring status under the NHS Wales Escalation and Intervention Framework. The Trust once again achieved a break-even financial position, reporting a £49,000 surplus at year-end (£28,000 of the surplus relates to a body hosted by the Trust), and achieved the requirement to break-even over the three-year period between 2015-16 and 2017-18. The Trust secured an approved Integrated Medium Term Plan 2018-21 (IMTP) within the timeframe required by the Welsh Government.

6   The Trust has two directly managed specialist services (Divisions), both of which are undergoing transformation programmes to modernise services. These are:

- Velindre Cancer Centre (VCC) which provides non-surgical specialist cancer services across South East Wales. The Transforming Cancer Service (TCS) programme involves the building of a new cancer hospital and a radiotherapy satellite radiotherapy unit to respond to increasing demand as well as developing new clinical models of care to deliver care closer to home.

- Welsh Blood Service (WBS) which collects, processes and distributes blood components to hospitals across Wales. The Blood Supply Chain 2020 is a transformational programme designed to deliver service improvements and realise efficiencies.

7   The Trust also hosts three organisations with differing hosting arrangements:

- Health Technology Wales (HTW) was established to facilitate the timely adoption of clinically and cost-effective health technologies in Wales, working with, but independent of, NHS Wales.
- NHS Wales Shared Services Partnership (NWSSP) is responsible for providing a range of specialist support services and functions across NHS Wales, in areas such as facilities and estates, legal, risk and procurement.
- NHS Wales Informatics Service (NWIS) is responsible for both the strategic development and delivery of information communications technology and information management across Wales.

8   Our 2017 Structured Assessment work found that the Trust had continued to progress ambitious change programmes and had made improvements to its governance arrangements, although some difficult challenges were emerging and there were growing financial risks. We identified that financial challenges had led to a reactive approach to financial savings, there were clear improvements needed in some areas of governance and workforce and there were weaknesses in relationships with commissioners.

9   This report provides a commentary on key aspects of progress and issues arising since our last Structured Assessment review. This report should therefore be read with consideration to our previous review, which can be found at the following link Velindre NHS Trust – Structured Assessment 2017.

Main conclusions

10   Our main conclusion is: **While the Trust is strengthening its governance arrangements and developing strategic planning arrangements, the capacity to deliver and manage strategic change is limited and a greater understanding of the costs of services is required**. In reaching this conclusion we found:

- the Trust continues to strengthen its governance arrangements and while systems of internal control are generally effective, progress to finalise the board assurance framework is still ongoing;
- the Trust is strengthening its strategic planning approach in line with its long-term vision but capacity to deliver and manage strategic change is limited, and a greater understanding of the cost of services is required; and
- the Trust manages its workforce, finance and physical assets well day to day and is taking steps to strengthen arrangements to deliver financial savings, but progress to standardise the corporate management of IM&T has been slow.

11   We describe in this report the progress being made by the Trust to strengthen governance arrangements and how strategic planning arrangements are developing. There are factors that contribute to the pressures faced by the Trust in respect of capacity and capability to achieve service change, and the need to strengthen engagement with staff and partners to ensure that the Trust is able to deliver its strategic plans. We also highlight how financial challenges facing the Trust mean that there needs to be greater understanding of the cost of services delivered and that the Trust is taking steps to strengthen financial savings arrangements.

12   The findings which underpin these conclusions are considered in more detail in the following sections. Progress against recommendations arising from our 2017 structured assessment is highlighted

throughout the report and cross referenced with a summary of overall progress against recommendations in Appendix 1.

Governance

13   As in previous years, our structured assessment work has examined the Trust's governance arrangements. We comment on the ways 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 also looked at the information that the Board and its sub-committees receive to help them oversee and challenge performance and monitor the achievement of organisational objectives. We have drawn upon results from our survey of board members to understand where things are working well, and where there is scope to strengthen arrangements.

14   We found that **the Trust continues to strengthen its governance arrangements and while systems of internal control are generally effective, progress to finalise the board assurance framework is still ongoing**.

Conducting business effectively

15   We looked at how the Board organises itself to support the effective conduct of business. We found that **the Trust has good arrangements to support board and committee effectiveness but there is scope to improve transparency in relation to public access to documents**.

16   Except for the appointment of a new Chair in May 2018, Board membership is unchanged this year. A comprehensive induction programme was developed for the Chair to support her understanding of the Trust and its governance arrangements. Two independent member (IM) contracts were due to end in October 2018 and March 2019 but have been extended. The IM contract extensions will provide the Trust with the opportunity to develop recruitment plans for two new IMs during 2019, in conjunction with the Public Appointments Office.

17   We found that the conduct of the Trust's Board is generally effective. Over a 12-month cycle, the scope of the full board agenda covered strategic objectives and statutory requirements. There is a planned programme for the year ensuring board meetings cover key annual events and anticipate critical decision making, taking account of organisation and system-wide planning cycles.

18   Our observation of board meetings in 2018 found good levels of scrutiny and challenge with suitable responses from executive directors. In our survey of board members (response rate 58%), all respondents felt there was a constructive relationship between executive officers and independent members (six respondents indicated always, and a further one indicated mostly). The Board also undertakes annual reviews of its effectiveness to identify and address areas for improvement.

19   On occasions in 2018, Board meetings overran to enable sufficient discussion and challenge. Midway through 2018, the Trust increased the frequency and length of private board briefings and seminars to provide more time for IMs to understand topics discussed at public board meetings. This development is beginning to help the Board by providing more opportunities to collectively identify any risks and concerns arising and to fulfil its scrutiny role at public board meetings.

20   Respondents to our board member survey were generally positive about the length of board agendas but had mixed views on the prioritisation of the agenda and whether there was sufficient time in meetings to consider all items[1].

21   While most papers are provided five working days in advance of meetings, on occasions papers are omitted from the bundle and sent out later. At interview, board members told us that the late circulation of some papers did not allow adequate time for review. The Trust's Standing Orders set out that board members should be sent an agenda and a complete set of supporting papers at least ten days before a board meeting. The Chair intends to set a deadline for submitting board papers to ensure compliance with the ten-day requirement.

22   In 2018, the Trust created a new committee to support the Board in its scrutiny of the new cancer hospital. In addition, the Trust needs to establish a new Academic Partnership Committee as a requirement of its recently acquired University status. The Chair identified that current IM capacity was not enough to cover the new committees and to provide the necessary scrutiny of Trust matters. A new Vice Chair was appointed from the existing cohort of IMs in November 2018, leading to an increase in working days from four to ten days a month for the appointed Vice Chair. At interview, some IMs told us that they work more hours than they are contracted to provide. The appointment of a Vice Chair should help at least in part, to address this balance..

23   The current committee structure reflects Standing Orders, and there is an appropriate balance of work and focus between the Board and its committees. The Trust's Standing Orders will need to be updated to set out the terms of reference for the Academic Partnership Committee. The Trust's corporate governance team manages a tracker document to monitor and help drive committees' annual self-assessment, annual review of terms of reference and to help committees' plan their cycle of business. Our committee observations identified that the level of scrutiny and challenge is generally good.

24   The Audit Committee has a focused programme of work, which includes regular reviews of Registers of Interests, the Receipt of Gifts and Hospitalities and the work of Internal Audit and the Local Fraud Service.

25   There are clear flows of assurances and information between committees and the Board, with each committee preparing a highlight report after each committee, which categorises issues into red, amber and green, depending on their escalation status, and an annual report. The Chair meets every six weeks with committee Chairs to discuss in more detail any issues raised in committee meetings.

26   Our review found that reports submitted to the Board and its committees support effective decision making by providing a good explanation of the item, progress made to date and identify the implications of decisions. There is, however, variation in the detail provided in cover papers of the assessment of potential impacts on finances, quality and safety, achieving healthcare standards, legal requirements and implications for equality. There is scope to provide more information in accompanying cover papers to support better understanding of how the matter being discussed links to the achievement of the Trust's priorities and objectives, and the risk to non-delivery.

[1] In response to our board member survey seven respondents felt that agenda was always or usually of manageable length; only two respondents felt that the agenda prioritised the most important items on all or most occasions; and four respondents felt that they always or usually had sufficient time to consider all agenda items.

27   In 2016, we recommended that the Board reflects on its use of private committee meetings and to assess whether some agenda items were more appropriate for public meetings. In July 2018,the Trust completed a review of agenda items considered at private Board and committee meetings in the previous 12 months and found all but one agenda item was appropriately considered in private (see 2016 R4, Appendix 1). However, our fieldwork identified that during the September 2018 board meeting, the Board noted that two items discussed in private could have been discussed in the public session. The Board needs to implement an ongoing review of agenda items to consider whether they should be tabled at public board meetings.

28   In our 2016 Structured Assessment, we recommended that the Trust should ensure it complies with all requirements of the 2016 Welsh Health Circular on transparent public reporting. The Health Circular provides a list of required documents to be available on health body websites. Whilst, our 2017 Structured Assessment found that progress had been made updating the website, our 2018 review found that there was a significant number of missing documents (see 2016 R3, Appendix 1). We make a new recommendation on keeping the website up to date with required documents.

29   Board papers are added to the website after board meetings. The Trust's Standing Orders require that the agenda and supporting papers for public meetings are made available on the Trust's website at least ten days before board meetings. We highlighted in paragraph 21, the Chair's intent to set a deadline for the submission of board papers, this should enable the Trust to comply with the requirement to publish Board papers ten days in advance of board meetings.

Managing risks to achieving strategic priorities

30   We looked at the Board's approach to assuring itself that risks to achieving priorities are well managed. We found that **work to develop a board assurance framework and risk management processes is still ongoing**.

31   The corporate governance team is leading the development of a Board Assurance Framework (BAF), which began in July 2017. The team aimed to provide a populated BAF by April 2018, but work has fallen behind schedule, and the deadline has been extended to April 2019.

32   In developing the BAF template, the Trust looked at those used by other organisations. The Executive Management Board agreed the BAF template in July 2018, although it has not yet been populated. The BAF template indicates that for each strategic objective, the aim, risks, controls needed, the Trust's appetite for risk and both the current and target risk rating will be provided, along with an identified responsible executive officer and committee scrutiny arrangements.

33   The Risk Appetite Statement, approved by the Board in September 2017 and reviewed in September 2018, sets out the Trust's risk appetite in nine areas[2]. The Risk Appetite Statement will be used by the Trust to agree the acceptable level of risk and target risk level for each strategic objective. The Trust will need to ensure it consistently identifies the risk appetite for each strategic objective.

34   The operational, corporate and independent sources of assurance relied on by the Trust have been mapped to the Trust's functions. The Trust shared the outcome of the Assurance Mapping Exercise

[2] The areas included in the Risk Appetite Statement are: quality, safety, compliance, research and development, reputation, performance and service sustainability, financial sustainability, workforce and partnerships.

with the Audit Committee in July 2018. There is further work to do to map the sources of assurance to each strategic objective, and to identify whether there are any gaps in assurance and if so, how these will be addressed. The Trust will also need to ensure that the BAF informs and supports the agenda and work plan of the Board and its committees.

35   We assessed the Trust's progress to address our 2017 recommendation to increase Board ownership, involvement and awareness of the BAF. Whilst Board awareness and involvement in the development of the BAF has increased during 2018, the Board must ensure that it 'owns' the BAF and is content with development to date, the direction of travel and how the BAF will be applied and reviewed. We provide a summary of progress in 2017 R7, Appendix 1.

36   The Risk Management Strategy was last updated in September 2015 and was due for review in September 2018. The Trust told us it plans to update the Strategy in 2019. The Strategy will need to take account of the changes made to the risk management framework.

37   Operational risks are set out in the corporate risk register and are managed through the Trust's risk management framework. All departments and the divisions have processes for assessing operational risks, and risk registers are actively maintained. Risk assessments are undertaken to assess the impact of risks upon the service and stakeholders. Risks are reviewed regularly by senior management teams within the departments/divisions. The highest scoring risks are escalated to the Executive Management Board for review and added to the Trust's overarching risk register where deemed appropriate. Corporate risks are mapped to specific board committees for scrutiny purposes.

38   The Trust's risk register is referred to all of the Board's committees for scrutiny and to identify additional control measures. The committees provide assurance to the Board that all reasonably practicable steps have been taken to reduce the risk, effective controls are in place and the risk is being managed at a tolerable level.

39   In 2017, we recommended that the Trust review its risk register to ensure it covered risks relating to the delivery of the Trust's organisational priorities, as well as the top operational risks. We also recommended that the review include a retrospective element to see whether the risks that materialised during the year could and should have been described more effectively in the register.

40   Improvements to the risk register in 2018 include identifying the risk appetite score for each risk (aligned to the Risk Appetite Statement) and providing greater clarity on the actions taken/needed to mitigate risk and escalation arrangements. At interview, IMs told us they felt that the escalation of risks and Board and Committee discussions on the risk register are now more focused. Whilst we have been told the retrospective review of risk has been completed, at the time of writing, the results had not been discussed by the Executive Management Board, and we have not seen them. We have provided a summary of progress to address our recommendation in 2017 R8, Appendix 1.

41   In 2016, we recommended that the Trust standardise the format of its operational risk registers, ensuring the good practice elements of each register are spread across the organisation. At that time, the Trust decided not to standardise its risk registers as it did not believe a one-size-fits-all approach was appropriate. Whilst the Trust maintains this position, the Trust intends to review which elements of the Trust's new register should be incorporated into the underpinning risk registers of departments, divisions and hosted bodies.

42   The Trust's arrangement for scrutinising hosted bodies risk management arrangements and risk registers differ. Scrutiny arrangements for NWSSP are presented quarterly to the NWSSP Audit Committee, while those for NWIS and HTW sit with the Trust's Audit Committee. In addition, the

Information Governance and Information Management and Technology Committee provides additional scrutiny on the NWIS risk register and tracking the actions of NWIS to progress audit recommendations.

43   There are different hosting arrangements for each of the three hosted bodies. The hosting arrangements and the Trust's governance responsibilities for HTW and NWSSP are more straightforward than those for NWIS. Last year, we highlighted the complexity and a lack of clarity in relation to the governance arrangements for NWIS.

44   In July 2018, the Welsh Government published its long-term plan for health and social care, 'A Healthier Wales'. The plan set out the need to significantly increase investment in digital infrastructure, technologies and workforce capacity. It also signalled that an independent informatics review would be undertaken by Local Partnerships LLP by the end of 2018 to consider how informatics services in Wales should be organised and delivered. The review will also consider the issues identified by the Wales Audit Office report Informatics systems in NHS Wales[3], and the subsequent Public Accounts Committee report.

45   Whilst the future implications for the governance and hosting arrangements for NWIS are unclear, the Trust has taken steps to clarify and enhance the current arrangements, which we set out in 2017 R6, Appendix 1. The Trust will review the effectiveness of the revised assurance requirements in spring 2019, in line with, and dependent upon, any changes arising from the independent informatics review.

Embedding a sound system of assurance

46   We also examined whether the Trust has an effective system of internal control to support board assurance. We found that **the Trust's internal controls are generally effective and improvements have been made to information governance arrangements, but there are gaps in information flows relating to clinical audit**.

47   The Trust reviewed its Standing Orders, Reservation and Delegation of Powers in May 2018. The Standing Orders are based on the Model Standing Orders issued by Welsh Ministers to NHS Trusts, and set out how the organisation conducts its business. The Standing Orders incorporate the Trust's Standing Financial Instructions and the Standing Orders for the NWSSP Committee and set out a schedule of decisions reserved to the Board, its committees, and to officers and others.

48   Our review considered the clinical audit framework. In VCC, a clinical audit workplan is produced annually by the Clinical Audit Team, in consultation with departmental teams. The audit plan identifies audit work to support risk management, improve services and address national clinical audit requirements. Executive responsibilities for clinical audit are clear and appropriate. The Quality Audit Steering Committee oversees clinical audit work and receives progress reports. An annual clinical audit report provides a summary of audit activity undertaken through the year, however, the report does not adequately describe the outcomes of audit, provide assurance on arrangements or identify any actions required. Highlight reports of each Quality Audit Steering Committee are received by the Trust's Quality and Safety Committee, as is the annual VCC clinical audit report.

49   The WBS operates within a Quality Management System framework which is designed to ensure processes and operations comply with legislative requirements. The WBS is subject to routine external

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[3] Wales Audit Office, Informatics systems in NHS Wales, January 2018

regulator audits by the Medicines and Healthcare Products Regulatory Agency and the Human Tissue Authority). The WBS develops an annual audit plan to ensure compliance with legislation and safety standards. Audit reports are reported to the Welsh Blood Service Quality Review Group and any issues or concerns are reported quarterly to the Welsh Blood Service Quality Systems, Standards and Governance Board. The WBS produced a quarterly Quality Systems & Regulatory Accreditation Update Report. The Update Report identifies the outcomes and actions arising from external reviews and updates on areas such as health and safety, concerns and adverse reactions, however, information on local audit work is limited to reporting progress against the plan rather than identifying the outcomes and resulting actions. The Update Report is received by the Trust's Quality and Safety Committee. The Director of WBS is responsible for the WBS Quality Management System. Our assessment is that whilst the medical director's executive responsibilities for clinical audit are clear in VCC, this is not currently the case for WBS.

50   The Trust's Standing Orders state that the Quality and Safety Committee is responsible for ensuring there is an effective clinical audit function to meet required standards, to approve audit plans, and to monitor audit outcomes including the progress of actions plans to address findings in internal and external audit reports. Our review of Quality and Safety Committee papers did not identify any discussions on draft audit plans for either Division. Our review identified that the Quality and Safety Committee receives the reports of external regulators and actions plans to address recommendations, but there is no formal Quality and Safety Committee audit tracker to monitor progress of the implementation of actions. The Audit Committee provides additional scrutiny on clinical audit, and its role is to provide assurance to the Board that the clinical audit function is effective. However, our review of Audit Committee meeting agendas identified that in the last year, it received the VCC annual audit report but did not receive any audit reports for WBS. It is unclear how the Audit Committee fulfils its duties in respect of clinical audit.

51   The Quality and Safety Committee receives reports on patient concerns (complaint, incidents and claims), and patient quality indicators (such as pressure ulcers, medicine management errors and patient falls) and compliance with patient safety notices and alerts. The Trust told us it is reviewing systems for measurement of quality to enable better analysis and triangulation of the quality data and to strengthen organisational learning from concerns and incidents.

52   There is a clear, logical and formal approach to performance management. The Trust regularly provides a range of performance information to the Board, as well as the Performance and Planning and Quality and Safety Committees. Our assessment of performance reports found that they contain broadly the right performance indicators and usefully highlight performance issues to Board members, but there is scope to improve the narrative and presentation of information to make it easier to interpret the information presented. The Trust said it is progressing work to improve the narrative in performance reports to aid non-clinician understanding, and to provide a better explanation of performance against targets. The Trust has an ambition to invest in information reporting capacity, with a focus on the development of an online information portal and performance and activity dashboards, however, it was unable to provide us with a timetable for this work.

53   The Audit Committee has a well-established approach for tracking progress against recommendations made by both the external (Wales Audit Office only) and internal auditors. The tracker highlights actions that have not been implemented with the agreed timescale, and provides narrative on progress to date, reasons for slippage against the target date and the remaining actions to be completed. Progress against audit recommendations which have passed their target date is considered at every

meeting with the pace of progress challenged. At times, the Committee invites officers to prepare and present more detailed reports when action to address the recommendations is taking longer than anticipated. The tool has enabled the Audit Committee to challenge senior management where progress has not been sufficient on occasions during 2018. Discussions at the October 2018 Audit Committee highlighted that appropriate action has been taken to address most overdue actions over the summer period. However, whilst officers must request an extension to target dates, the Audit Committee has no mechanism to satisfy itself that action taken to close a recommendation is satisfactory or sustained, apart from where a follow-up audit is undertaken.

54   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. The Trust is a mandatory participant. In January 2017, it received 4,411 data matches, of which 416 were considered high risk. In our Annual Audit Report 2017, we reported that as at 20 November 2017 only one data-match had been reviewed by the Trust, and that the Trust had not made effective use of the NFI as part of its arrangements to prevent and detect fraud. As at 12 November 2018, the NFI web application records that 289 data matches have been reviewed (all high risk). Whilst some progress has been made, we still consider that the Trust is not making effective use of the NFI. We are particularly concerned that there is no evidence that some high-risk matches have been reviewed. Furthermore, in many cases where data-matches are recorded as having been reviewed, there is insufficient information recorded on the web application to indicate how matches were reviewed. There are also instances where the NFI web application records that the Trust received queries from other NHS bodies regarding data-matches but there is no record of responses being provided.

55   The Trust is due to provide data for the next NFI exercise (NFI 2018-19) in October 2018. We recommend that the Trust put in place an action plan to ensure that the matches it receives from that exercise are reviewed and where necessary investigated in a timely manner.

56   The Trust has taken a proactive approach to prepare for and respond to the requirements of the General Data Protection Regulations (GDPR). The Trust has updated several Trust (and hosted body) information governance related policies and approved the adoption of the All Wales Information Governance and Information Security policies. Information governance training has been updated and delivered to most staff. In May 2018, 88% of WBS and 70% of VCC staff had completed the training, although the target is 95%. In our 2017 Structured Assessment we recommended that the Trust should develop a record of information sharing protocols and data disclosure agreements to make sure it is tracking the ways in which it shared personal information. We provide a summary of the progress made against this recommendation in 2018 R9, Appendix 1.

57   The Trust is finalising a Cyber Security Improvement Strategy for identifying and implementing actions to mitigate the risks posed by cyber security threats and align with best practice guidelines. It will also consolidate and aim to address outstanding recommendations of the Internal Audit review into cyber security (August 2017) and the external cyber security assessment undertaken by Stratia Consulting (October 2017).

58   The Information Governance and Information Management and Technology Committee provides assurance to the Board on information governance risks and performance and tracks the progress on recommendations from internal and external reports. The Committee also considers the risk register of NWIS. Currently the Information Governance and Information Management and Technology

Committee's agenda covers agenda items in order of importance. The Trust is considering splitting the agenda of the committee into two discrete halves with one half covering information governance items and the other covering ICT. This would help ensure that Trust staff only need to attend for part of the meeting. This would make more efficient use of staff time and help to improve attendance. We note that the Trust's Caldicott Guardian attended only one out of four meetings between September 2017 and May 2018.

Strategic planning

59   Our work examined how the Board sets strategic objectives for the organisation. We assessed how well the Trust plans how it will achieve its objectives, using the resources it has, or can make available. We also asked if plans are sufficiently joined up, both externally and internally and if they are well informed, realistic and time bound. Finally, we wanted to know if the Trust is monitoring progress with these plans effectively.

60   We found that **the Trust is strengthening its strategic planning approach in line with its long-term vision, but capacity to deliver and manage strategic change is limited, and a greater understanding of the cost of services is required**.

Setting the strategic direction

61   We looked at how the Board goes about setting its priorities in and setting them out in a IMTP. We found that **the Board is making good progress in reviewing its long-term vision and strategic direction**.

62   The IMTP 2018-21 sets out the Trust's vision and the five goals, which have remained unchanged over the last six years. The Trust's strategic objectives are clearly defined and aligned to the vision and goals.

63   During 2018, the Board made good progress to review its long-term vision and strategic direction for the next ten years, and to identify whether any changes are required to reflect the direction of travel of the Trust's transformational programmes. Focus has also been given to:

- the Welsh Government's long-term vision for an integrated health and social care system, A Healthier Wales, and the role the Trust plays in it, the services the Trust should provide in the future and the role that the Trust can play in public health and prevention;

- the Trust produced a paper called, The Trust's Fit for the Future, which explores fundamental questions on the future direction of the Trust and the financial and workforce constraints that may impact on strategic development; and

- the Trust's future role in relation to hosted bodies.

64   Our Board member survey[4] and interviews indicate that Board members generally feel engaged in the process for setting the Trust's strategic direction. The long-term vision should act as a major driver for the Trust's planning with future iterations of its IMTP by setting out the actions necessary to achieve long-term aims.

[4] In response to our survey question 'to what extent is the Board involved in setting the vision for the organisation' five respondents indicated 'always', and further two indicated 'most of the time'.

65   The WBS commissioned and funded by the Welsh Health Specialised Services Committee[5]. VCC, as a commissioned service provider, receives its funding from its health board commissioners, whose actions can limit the ability of VCC to plan for the longer-term. The Trust will need to maintain regular and effective dialogue with its commissioners to ensure it can achieve the aims set out in the long-term vision.

66   The Trust's seven well-being objectives are mapped to one or more of the Well-Being Goals for Wales. Whilst the Trust's current strategic objectives broadly map across to the Trust's well-being objectives, it will need to ensure that when reviewing strategic direction and strategic objectives that the well-being objectives are fully embedded to support the sustainable development principle.

Developing strategic plans

67   We considered the Trust's approach to developing the strategic plan. We found that **the Trust is improving its approach to strategic planning supported by demand and capacity modelling, but a greater understanding of the cost of services is required**.

68   Divisional heads of service continue to lead the development of the Trust's IMTP, with appropriate support from specialist planning finance and workforce staff. We were also told that staff from Finance and Workforce and Organisational Development are closely involved in developing the IMTP from the start of the planning process to ensure an integrated planning approach. In May 2018, an Internal Audit report gave a 'reasonable assurance' rating on the effectiveness of the system of internal control to manage the risks associated with the delivery and monitoring of the IMTP 2018-21. The report highlighted that there were timetables detailing the actions that needed to be taken, by whom and by when to ensure delivery of the Trust IMTP on time. Our interviews have identified that the Trust is acting to address the report's recommendations relating to improving arrangements to review future IMTPs, by making more use of the Planning and Performance Committee, and other committees where appropriate, to review future IMTP drafts.

69   The Board approved the draft IMTP 2018-21 in January, having reviewed and influenced the emerging draft through its board development sessions and at Board meetings. The Trust submitted the IMTP within the timeframe required by the Welsh Government, and secured approval by the Cabinet Secretary.

70   The Trust is now starting the IMTP development process for the period 2019-22, building upon service demand analysis. New guidance has been developed emphasising the need for divisions to identify the capacity needed to meet demand within existing resources, to identify gaps in capacity or resources, and how the gaps may be closed, for instance by different ways of working, or changing the skill mix. Training has been provided to staff on calculating demand and cost data to support IMTP service plans.

71   The Trust's IMTP 2018-21 is split into three sections, VCC, WBS and corporate enabling functions, and is underpinned by separate clinical strategies for cancer services and blood services. The IMTP provides the specific divisional strategic priorities identified, five for VCC and eight for WBS.

[5] The Welsh Health Specialised Services Committee is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales.

Underpinning each strategic priority are key aims/deliverables with descriptions of the actions that will be undertaken in each year of the IMTP to support their delivery and identify any funding constraints.

72   Our assessment found that the VCC section of the IMTP sets out the direction of travel required over a three-year period to support delivery of the VCC ten-year clinical strategy. The IMTP provides focus on responding to increasing demand, providing better outcomes for patients and changing the clinical model to provide more care closer to home.

73   Similarly, we found that the WBS section of the IMTP sets out a three-year roadmap for delivering the WBS clinical strategy (the NHS Welsh Blood Plan) and the service improvements identified in the Blood Supply Chain 2020 transformational programme. The improvements sought are harmonising services across Wales, delivering efficiencies relating to processing and distribution of blood components to hospitals and improving engagement with donors.

74   The IMTP 2018-21 contains the Trust's Financial Plan, summarising the financial outlook and risks. The risks include the required savings to achieve financial balance, the service and staffing impact of new drug approvals, the cost of increasing demand and general inflationary pressures (such as for maintenance contract renewals).

75   In our 2017 Structured Assessment, we found that the Trust was unable to persuade VCC's commissioners that funding received was inadequate to support service development, and that the Trust was unable to describe definitively the demand and true cost of the cancer services delivered at VCC. During 2017, the Trust began to develop a new financial costing model to provide better, more accurate analysis of the cost of individual procedures at VCC to replace the generic contracting model (see 2018 R5, Appendix 1). The new costing model, is behind schedule, but once complete, will be crucial for the Trust to identify the true cost of services.

76   The monthly Collaborative Commissioning Meetings between the Trust, VCC's commissioners and the Welsh Health Specialised Services Committee enables discussions on the direction of the IMTP, service priorities, and challenges, including financial challenges. The Trust told us that in the last 18 months conversations with VCC's commissioners have progressed and there is increased dialogue between service planners. VCC received additional funding in 2018-19 to fund several specific new treatments and medicines, for example a radiotherapy treatment for left sided breast cancer (which costs more than the conventional treatment but reduces radiation exposure to the heart). The Trust plans to meet with VCC commissioners in October/November 2018 to discuss the Trust's draft IMTP 2018-21 and supporting service plans and commissioners' intentions and plans. The Trust will use the meetings to review cost pressures, planned savings schemes and to discuss additional funding for VCC services with resource gaps. Ultimately, if the VCC is unable to convince its commissioners that the baseline funding is inadequate, it may need to decide which services it will be unable to deliver.

77   In 2016, the Welsh Government approved capital funding to cover programme management and enabling works for the new hospital and other elements of the TCS programme. In mid-2017, with concerns with the increasing cost of the programme, the Welsh Government commissioned a review by Deloitte to consider the processes and financial controls relating to the TCS. The Deloitte review made recommendations to improve the financial controls and scrutiny arrangements for the TCS programme. The Trust implemented appropriate actions to address the recommendations, and all actions were completed by September 2018. The Welsh Government released further funding for the programme, however, it was less than expected.

78   A Commissioner Leadership Group consisting of all commissioning health boards, under the leadership of Powys Teaching Health Board was established to discuss and secure agreement from health boards for the new hospital. The Trust developed an Outline Business Case for the new hospital in 2017 which was agreed by the commissioning health boards and the Welsh Government in 2018. The new hospital will be financed by a Mutual Investment Model,[6] and VCC's commissioning health boards have agreed to meet the fixed revenue infrastructure costs, that is the running costs of the new (larger) hospital. However, the variable clinical costs of modelled demand, that is the cost for the predicted growth in demand and developments in cancer care, will be considered and agreed annually. The variable clinical costs will be based on actual cost evidenced by the new costing model, rather than on projected demand growth. The Commissioner Leadership Group is to be reinstated to enable decisions to be made on the wider TCS programme going forward, based on the success this vehicle had in reaching agreement on the outline business case for the new hospital.

79   Our 2017 Structured Assessment identified that the Trust's workforce planning was in its infancy. During 2018, the Trust developed a workforce planning framework with the aim of developing workforce plans for VCC and WBS to underpin the IMTP 2019-22. The Trust, has worked with the NHS Workforce, Education and Development Service to provide workforce planning tools and training to service leads. The Trust is also developing a workforce modernisation model to support managers in workforce redesign and identifying new ways of working based on the NHS Workforce, Education and Development Services guidance on delegation. In WBS, the Trust is continuing its review staff skill mix to align with the new workflows being developed under the Blood Supply Chain 2020.

80   At VCC, the Medical Director is working with the consultant workforce to look at how other roles can be redesigned or staff skilled up to support the wider team, with consultant expertise used where it is needed most. The Trust is also working with a small number of General Medical Practitioners (GPs), to explore how to expand primary care clinic provision for patients with cancer and the training support needed. To address gaps in the registered nurse workforce, VCC is recruiting registered nurses from a range of specialties and supporting them to gain expertise in oncology. VCC is complying with the requirements of the Nurse Staffing Act (Wales) 2016 to consider how many nurses are necessary to care for patients sensitively.

81   The Board agreed a five-year informatics strategic outline programme (SOP) in March 2017. The Trust will review the SOP alongside the development of the IMTP 2019-22 and reprioritise projects in line with the Trust's priorities and the available budget. The SOP identifies the information management and technology (IM&T) capital and revenue needed over the five years to support delivery of the Trust's transformational programme, but the Trust will require additional finances to deliver all schemes. The Trust's IMTP 2018-21 identified the Trust's priorities for informatics, which included building resistance to cyber threats, strengthen cyber and information security arrangement, the development of analytical and data warehouse service and replacing systems used by VCC and WBS. The IMTP 2018-21 does not provide specific information about what action will be taken or the costs, however, there are detailed IM&T work programmes for each division.

[6] The Mutual Investment Model is a partnership between the Welsh Government and the private sector. The Welsh Government will pay a fee to a private partner to cover the cost of construction, maintenance and financing the project, and at the end of the contract the hospital will be transferred into public ownership.

82   The Trust's over-arching estate and asset management strategy is set out in the IMTP. It identifies the scale and cost of replacements required over the next five years, and the capital requirements at three levels: strategic development, service development and operational development.

Monitoring delivery of the strategic plan

83   Finally, we looked at whether progress with implementing strategic plans and supporting strategic change programmes are effectively monitored. We found that **the Trust's capacity to deliver and manage strategic change is limited and poses a risk to delivering strategic plans**.

84   An Internal Audit reported in May 2018 that there were robust governance arrangements for monitoring progress of the delivery of the IMTP (see paragraph 68). Quarterly reports showing progress against IMTP targets and milestones, are considered by the Executive Management Board. The IMTP progress monitoring reports, include:

- a high-level tracker rating whether each of VCC and WBS aims has been completed, is on track or behind schedule; and

- a report providing high-level summaries of progress against achieving aims.

85   Our assessment of the high-level summary is that the report does not distinguish adequately between the intended impact and actual impact achieved. The Performance and Planning Committee is responsible for monitoring progress against IMTP delivery. Our review of committee papers found that their review of IMTP progress focuses heavily on monitoring performance management information and needs to focus more on scrutinising progress against the IMTP aims.

86   We recommended in our 2017 Structured Assessment, that given the extent of ongoing change within the organisation, the Trust should, as a matter of urgency, risk assess the adequacy of senior leadership and change management capacity. More detail of Trust's actions to address the recommendation are set out in 2018 R11, Appendix 1. The Trust's review of capacity identified that senior managers and operational managers need additional project management support and that the capacity at the senior leadership level was limited. At the time of writing, the Trust told us it was developing plans to increase the capacity of the senior leadership team to ensure sufficient strategic oversight for delivering operational plans and progressing the transformational programmes.

87   The Trust is a relatively small organisation and is working to deliver ambitious change programmes. The Trust's Fit for the Future discussion paper identified gaps in capacity and/or capability in some core areas. These areas include change management, business intelligence, service improvement, communications and engagement, innovation and commercial/business acumen. The paper identified that these gaps will affect the Trust's ability to transform and improve services at the same time as managing the core business. The Trust's Fit for the Future paper forms the basis for ongoing discussions within the Trust and with commissioners to determine how to address the capacity/capability gap.

88   The Trust has been considering how it could use existing staff more efficiently to reduce costs and which could be used, in part, to fill some of the capacity/capability gaps. Whilst there are some central supporting functions in the Trust's corporate centre, there are separate support teams, such as IT, communications and administrative support, within the two divisions. The Trust recognises that there are advantages to integrating at least parts of support functions to reduce duplication. In our 2017 Structured Assessment, the Trust told us it planned to create a Trust-wide team to support informatics,

however, their plans have not yet progressed. During our interviews, the Trust outlined its intent to create Trust-wide business intelligence and IT helpdesk teams, to promote closer working between the two divisional cyber-security teams and is also considering opportunities to adopt a similar approach in other areas. We recommend that the Trust makes it a priority to review all support services in the two divisions to identify areas that would benefit from integration into a single Trust-wide service and to assess how this might benefit closing capacity/capability gaps.

89   The Trust's transformational programmes are a key component of delivering the Trust's IMTP. The successful delivery of the Trust's transformation programmes is predicated on having appropriate change management arrangements in place and staff involvement and engagement. The Trust recognises the impact that transformational programmes are having on staff and will continue to have over the next few years. Previous staff surveys have highlighted that the reasons for change need to be explained to staff and appropriate support provided. In June 2018, the Trust added to the corporate risk register the impact of change arising from the Welsh Blood Supply Chain 2020 on staff wellbeing. The risk rating has reduced since being added to the divisional risk register in February 2018, due to the actions undertaken to manage and address the risk. The actions taken include utilising the Trust's newly developed change toolkit to support staff and holding monthly meetings with trade union and staff representatives.

90   In addition to developing change toolkits to support managers and staff, the Trust has developed training for managers on how to manage change programmes and support staff through change. The Trust recognises that it needs to identify learning from implementing the Blood Supply Chain 2020 programme at WBS to inform change management arrangements for the TCS programme. However, the Trust's limited change management capacity poses a risk to achieving transformation.

Wider arrangements that support the efficient, effective and economical use of resources

91   Efficient, effective and economical use of resources largely depends on the arrangements the organisation has for managing its workforce, its finances and other physical assets. In this section we comment on those arrangements, and on the action that the Trust is taking to maximise efficiency and productivity. We examined if the Trust is procuring goods and services well.

92   We found that, **the Trust manages its workforce, finance and physical assets well day to day and is taking steps to strengthen arrangements to deliver financial savings, but progress to standardise the corporate management of IM&T has been slow**.

Managing the workforce

93   The workforce is the Trust's biggest asset, not least because pay represents such a significant proportion of expenditure. It is important that the workforce is well managed and productive because staff are critical for day-to-day service delivery and for delivering efficiency savings and quality improvements. We found **the Trust is taking positive steps to address sickness absence, staff wellbeing and improve staff recruitment and retention**.

94   The following table shows how the Trust is performing in relation to some key measures compared with the Wales average. Exhibit 1 shows that the Trust's performance is better than the Wales average on four out of five measures.

Exhibit 1: performance against key workforce measures[7]

Workforce measures	Trust	Wales average
Sickness absence	4.1%	5.3%
Turnover	10.5%	6.9%
Vacancy	2.2%	2.6%
Appraisals	74%	67%
Statutory and mandatory training	78%	73%

Source: NHS Wales Workforce Dashboard, Health Education and Improvement Wales, July 2018

95   Staff turnover at the Trust is higher than the Wales average. Recruitment and retention remains a significant challenge for many staff groups, including specialist oncologists, junior doctors, allied health professionals, healthcare scientists, registered nurses, pharmacists and IT technicians. The Trust told us that the areas where there are recruitment difficulties reflect national shortages.

96   The Trust has introduced several initiatives to improve recruitment and retention, such as holding oncology taster days to attract junior doctors and medical students with high take-up rates of the initiative. In addition, the Trust has undertaken work to improve recruitment processes, such as delivering Reducing Time to Hire workshops and developing a series of recruitment guides to assist managers to follow appropriate recruitment and selection processes and to target high calibre applicants.

97   Whilst sickness absence rates at the Trust are better than the Wales average, the rate is above the target (3.54%) set by the Welsh Government. In September 2017, Internal Audit gave a 'limited assurance' rating on the Trust's management of sickness absence, and highlighted issues with the recording of leave and the management of sickness absence. The Trust's Workforce and Organisational Development Team have undertaken regular sickness absence audits since October 2018. In addition, compliance reports are issued to managers to outline audit findings and confirm the action to be taken to ensure compliance with sickness absence procedures. The Trust also provides managers with data to monitor sickness absence rates, and training has been delivered to help managers identify and intervene promptly when sickness absence reach a certain threshold. There

[7] Sickness: rolling 12-month average at July 2018; Turnover: 12-month period July 2017 to June 2018; Vacancy: one month at February 2018; Appraisal: preceding 12 months; Statutory and mandatory training: at July 2018

has been a decline in sickness absence rates, since the peak in March 2018 when the rate was 5.26%.

98   The most commonly cited cause of sickness absence is 'stress, anxiety, depression or another psychiatric illness'. During 2018, the Trust put in place several initiatives to improve mental wellbeing in the workplace. These initiatives have included developing a Mental Health, Wellbeing and Stress Management Policy (to replace the previous sickness absence policy) and accompanying toolkit to support managers and staff. The Trust is also recruiting health and wellbeing champions and mental health first aiders and is implementing a pro-active approach to support staff with a history of mental health illness. In recognition of its commitment to improving the health and wellbeing of its staff, the Trust was awarded the Platinum Corporate Health Standard in January 2018.

99   Overall compliance with the Performance and Development Reviews (PADR) process in June 2018 was 74%, which is better than the Wales average but below target (85%). Compliance with the PADR process varies between the Trust's divisions and corporate centre. Compliance for the VCC was 69% while it was 88% for the WBS and 64% for the corporate centre. The Trust has provided staff with guidance and training on completing the PADR process via the Electronic Staff Record (ESR). However, the Trust told us that not all staff comply with the requirement to update the ESR and the quality of the PADR process needs to improve. The Trust anticipates improvements by the end of 2018, in part driven by new national arrangements for pay increments whereby eligibility for a pay increment will be dependent upon an up-to-date PADR.

100   The Trust's Workforce and Organsational Development Team works with managers to identify training needs but recognises that increasing PADR rates is essential to training needs analysis. During 2018, the Trust has been developing new training materials and revising the PADR policies to support improving the quality of PADRs to ensure that they fully capture all development needs. This work should be completed by the end of the current calendar year. In addition, the Workforce and Organisational Development Team have been working with managers to undertake skills mapping to assess future skills needs and to create career development pathways. The Trust recognises it has more work do to understand the training budget and total costs of training. Whilst the Trust has clear arrangements for monitoring compliance with statutory and mandatory training, there are not comparable arrangements for other training requirements. Compliance with statutory and mandatory training improved over the last 12 months. Overall compliance was 78% in July 2018 compared with 67% in July 2017.

101   The 2017 national GMC training survey highlighted significant concerns about the quality of the training experience for trainee doctors at the Trust. Towards the latter end of 2017, the Trust acted to reduce the overuse of trainee grades to cover wards rounds, to allow adequate time for training. The Trust told us that the latest GMC training survey responses show a general improvement in areas of trainee doctor experience, supervision, educational governance, feedback, induction, teaching, reporting systems, study leave, supportive environment and workload.

Managing the finances

102   We considered financial and budget management, financial controls, and operational support and processes. We found that **the Trust has effective accounting arrangements, and is taking steps to strengthen arrangements to deliver financial savings**.

103 The Trust maintained its track record in achieving financial balance in 2017-18 and reported a small surplus totalling £49,000 (£28,000 of the surplus relates to NWSSP). It also broke even for the three-year period 2015-18. For 2017-18, the Trust's financial strategy included a savings requirement of £1.722 million, against which it delivered £1.433 million in savings. This overall position masks the different positions within the Trust's main divisions. The WBS over delivered against its savings target by £147,000, while VCC underachieved by £409,000. The savings not achieved by VCC were partly recurrent in nature which continues to create additional cost pressures for the Trust going forward. Whilst overall the Trust underachieved against its savings requirement, the Trust achieved the year end surplus due to WBS underspending against its budget, using unallocated Trust reserves and the write back of certain creditor balances that were no longer considered to be valid liabilities on the Trust's balance sheet. Furthermore, the Welsh Government provided £750,000 directly to the Trust, because the Trust was unable to persuade its health board commissioners to provide revenue support for certain costs associated with the TCS Programme.

104 The Trust is forecasting to breakeven for 2018-19 but at month 6, it reported a small overspend against budget of £67,000. The Trust plans to achieve financial balance by year-end through corrective actions, which include an increased management focus on savings delivery through new financial recovery governance arrangements (see 2018 R1, Appendix 1).

105 The Trust's financial plan for 2018-19 identifies £2.502 million savings needed to achieve financial balance, including unidentified savings totalling £606,000. The unidentified savings total was subsequently reduced by £306,000 through non-recurrent measures with the remaining balance of savings needed apportioned across the Trusts' core divisions based on budget allocation. As at month six, the Trust was reporting a £541,000 savings shortfall against planned delivery with £203,000 of savings still to be identified, and the Trusts core divisions continue to have varying success in achieving their respective targets. The Trust anticpates that some, but not all of the savings required will be realised by year-end.

106 Although the Trust is reducing its reliance on non-recurring savings, it still relies on non-recurrent measures to meet its savings targets. The Trust recognises that it needs to identify realistic sustainable savings options going forward and is taking steps to strengthen financial savings arrangements. The Trust has recently established dedicated savings implementation and monitoring groups in each division with senior managers responsible for identifying, reviewing and monitoring savings plans. All schemes will be allocated a nominated lead. Formal project plans for larger value schemes and reporting to the Trust's Executive Management Board will also be enhanced by including risks to delivery and corrective actions planned. It is too early to comment on the effectiveness of these new arrangements.

107 There is scope to improve the extent to which the Trust's plans are informed by its understanding of the true cost of services. In paragraph 75 we highlighted that the Trust is developing a new financial costing model to provide better, more accurate analysis of the cost of the services it provides.

108 Our annual accounts work has consistently found that appropriate accounting and financial control arrangements are in place. The controls are designed to ensure clear lines of delegated budgetary responsibility, ensure accuracy of operational financial reporting and drive compliance to required financial standards and legislation.

109 The Trust has well established monthly financial monitoring arrangements, whereby the financial position is scrutinised internally (by the divisions, Executive Management and the Board), as well as

by the Welsh Government. Last year, we recommended improvements to Board finance reports to enable better scrutiny of financial savings. The Trust has responded to our recommendations and financial reporting to the Planning and Performance Committee and to the Board has improved (see 2018 R3, Appendix 1). For example, reports now highlight where savings are not being delivered, the forecast position and movements between risk ratings.

110   The Trust's procurement arrangements are largely devolved to the NHS Wales Shared Services Partnership (NWSSP). We understand that the Trust has good day-to-day relationships with the procurement service and this helps to provide a focus on operational procurement and procurement cost reduction and sustainability. Procurement is aligned with IMTP plans, and the NWSSP provides a key role in ensuring business cases deliver intended goals without expanding beyond the original scope. The Trust's second largest area of non-pay expenditure is on equipment maintenance. Working with NWSSP, the Trust plans to review maintenance contracts to identify financial efficiencies.

111   The Trust has developed a strategy for the procurement of clinical equipment and information technology for the new hospital. The strategy sets out an appraisal process for equipment items, including the potential for transferring existing equipment and/or purchasing new equipment. It also includes a risk appraisal of the options. Where appropriate, equipment replacement for the existing VCC will be delayed while new equipment is purchased for the new hospital, and consideration will be given to the need to continue running some of the functions of the existing hospital for a limited period after the new hospital opens. The Trust is working with Aneurin Bevan University Health Board to develop procurement plans to achieve efficiencies when purchasing linac equipment for the new VCC and the satellite unit.

Managing the estate, physical assets and IM&T

112   Finally, we assessed how the estate and physical assets are managed, and the Trust's arrangements to utilise technology to support service delivery. We found **that day-to-day administration and maintenance of the estate and assets are well managed, but the Trust's progress to standardise corporate management of IM&T has been slow**.

113   The Trust operates a risk management approach to managing estates and assets, which is overseen by an asset management group. This arrangement helps to prioritise the limited discretionary capital allocation predominantly across estates, IM&T infrastructure, medical equipment and other related assets. The Trust flexes and responds to new priorities for example where urgent and unexpected health and safety risks occur, or unexpected equipment failure. There are appropriate arrangements for scrutinising capital investment priorities at operational and strategic level.

114   For estates backlog maintenance, the Trust commissions condition surveys for VCC and WBS that provide detailed information on the condition of the estates and maintenance requirements. The surveys are subject to annual review and the findings feed into the capital programme. Recent audits have identified that there is not enough adequate storage space within VCC (including pharmacy, aseptic services, mortuary, office accommodation and general storage). The Trust is developing a VCC accommodation strategy to outline the essential investment needed to allow the continued delivery of safe services on an interim basis. The Trust is also reviewing the longevity of the WBS headquarters and specialist laboratories, due to increasing maintenance requirements and to ensure continued regulatory compliance as required by WBS's operating licence.

115   There are two separate IM&T departments in each division. An Internal Audit report gave a
        'reasonable assurance' to the Trust's strategic approach to IM&T in August 2017. However, the report
        also identified that the strategic oversight and governance of IM&T has allowed for divisions to develop
        their own processes which has led to a lack of consistency and integration across the Trust. The report
        also indicated that there are no corporate level procedures over how to manage IM&T within the Trust
        as a whole. The processes and mechanisms by which items are assessed and accepted onto work
        programmes is managed by the divisions. The Trust has made little progress to address the report's
        recommendations and we highlight in paragraph 88 that the Trust's review of informatics has not been
        completed.

116   The Trust is developing plans to use technology to improve blood donor engagement, to support tele-
        health communications, improve patient records and provide better business intelligence. This is
        encouraging; however, it will be important for the Trust to ensure that there is sufficient capacity in its
        informatics department to allow ICT to adequately support service change through enabling digital
        technologies.

Recommendations

Exhibit 2: 2018 recommendations

2018 recommendations
Implementing previous recommendations
R1   Several recommendations that we made in 2017 are still incomplete. The Trust should fully implement the outstanding recommendations (as detailed in Appendix 1).
Transparency of decision making
R2   The Trust should ensure that there is a mechanism to check that any agenda items considered for private Board and committee sessions are appropriate for private (and not public) meetings.
Transparency of Board business
R3   The Trust should ensure that board papers are made available to the public in advance of board meetings.
Tracking Internal and External audit recommendations
R4   The Trust should improve arrangements to track audit recommendations by: a)   implementing an audit tracker for the Quality and Safety Committee to monitor progress against findings and recommendations made by other external regulators, such as reports by Healthcare Inspectorate Wales and the Medicines and Healthcare Products Regulatory Agency, where these are not tracked by other committees; and b)   implementing a mechanism for ensuring that when Internal Audit and External Audit (Wales Audit Office) actions are completed, the responsible officer provides a brief summary of the actions taken to the Audit Committee, along with a request to close the action.

2018 recommendations

Clinical audit scrutiny

R5 Both the Quality and Safety Committee and Audit Committee should ensure that they fulfil requirements set out in the Trust's Standing Orders to provide assurance on the quality of services, patient care, and securing improvements:

    a) The Quality and Safety Committee should review and approve clinical audit plans, ensuring that clinical audit plans address any risks to achieving strategic objectives and organisational risks.

    b) Improvements should be made to the content of clinical audit reports from both VCC and WBS to clearly identify the audit findings, any associated risks and actions for improvement and follow-up.

    c) The Quality and Safety Committee should assure itself that the audit clinical audit findings are addressed.

    d) The Audit Committee should clarify how it assures itself that the clinical audit function is effective.

Internal controls

R6 The 2018-19 NFI data matches will be released in January 2019. The Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed, and where necessary investigated in a timely manner, the plan should include:

    a) Commencing the review of the data-matches as soon as possible following release;

    b) Reviewing all high-risk matches, and in addition, carrying out a review of a sample of the remaining data matches;

    c) Ensuring that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews; and

    d) Ensuring that there is a mechanism to check for queries received from other bodies and providing timely responses.

Engaging with commissioners

R7 While the Trust continues to develop a new cost model for service delivery, it should ensure that there is:

    a) an agreed timetable and set of arrangements in place to share assessments of the impact of the new cost model during the pilot with commissioners; and

    b) an agreed timetable for the formal sign-off of the new cost model.

Closing capacity and capability gaps

R8 The Trust should prioritise a review of support services in the two divisions to identify areas that could be integrated to reduce the duplication of effort, increase organisational learning and to inform plans to address capacity and capability gaps.

Staff engagement

2018 recommendations
R9 The Trust should prioritise a review of its change management and staff engagement arrangements to identify improvements. The review should identify how to best articulate the reasons for transformation, identify appropriate support for staff, ensure that communication is regular and is informed by learning from the Blood Supply Chain 2020.

Appendix 1

Progress implementing previous recommendations

Exhibit 3: actions in response to 2017 and outstanding previous recommendations

Recommendation	Action taken in response	Progress
2016 structured assessment recommendations		
R3 Transparency of public reporting The Trust should ensure it complies with all requirements of the 2016 Welsh Health Circular on transparent public reporting.	The 2016 Welsh Health Circular on transparent public reporting set out a list of required documents to be available on health body websites. When we reviewed the Trust's website in 2018 we could not find the Trust's Standing Orders, Standing Financial Instructions, citizen engagement plans, patient safety/quality plans, and health and safety policies. The Annual Plan of Board business, the Trust's IMTP and the Welsh Language Scheme are available on the website, but these documents were either out of date or not the most recent version.	Not complete
R4 Operation of committees The Trust should carry out a reflective assessment of its use of Part B, in camera committee sessions. The assessment should focus on the agenda items considered in Part B sessions and whether it would have been more appropriate to consider these items in public.	In July 2018, the Trust undertook a review of agenda items considered by the Board and its committees over the previous year. It found that only one of the 60 agenda items considered in private sessions could have been included in a public meeting. However, our interviews found that during the September 2018 board meeting, the Board identified that two items discussed in private could have been discussed in the public session.	Complete – but issues remain
R7b Risk management The Trust should use the forthcoming internal audit on risk management to get a detailed view on the effectiveness of escalating risks from divisional level to corporate level.	The Trust has implemented actions to address Internal Audit recommendations and ensured that appropriate risk owners, and divisional risk register owners are identified.	Complete

Recommendation	Action taken in response	Progress
R7c Risk management The Trust should standardise the format of its various risk registers, ensuring the good practice elements of each register are spread across the organisation.	The Trust decided not to standardise its risk registers as it did not believe a one-size-fits-all approach was appropriate. Whilst the Trust maintains this position, the Trust intends to review which elements of the Trust's new corporate register should be incorporated into the risk registers of departments, divisions and hosted bodies.	In progress
2017 structured assessment recommendations		
R1 Planning of financial savings The Trust should review its approach to planning financial savings to reduce its reliance on non-recurrent savings schemes and identify realistic sustainable savings options going forward.	A new approach to the planning of financial savings has been put in place. Each Division has established a dedicated Savings Implementation and Monitoring Group responsible for identifying new and reviewing existing financial savings plans, assessing plans and monitoring implementation and delivery. Each saving scheme will have a nominated lead and where the scheme value is more than £50,000 there will be a formal project plan with clear milestones, risks and actions. A financial savings scheme delivery tracker will be used to report progress to the Executive Management Board. The delivery tracker will include: • progress on implementing savings schemes and savings delivered to date; • forecast savings delivery to year end; • any risk/issues to delivering savings; and • actions being taken to resolve risks.	Complete
R2 Formal evaluation of savings The Trust should annually evaluate the success and failure of savings schemes and use lessons learned to improve its approach to savings planning. The evaluation results should be included as supporting information to the savings plan approved by the Planning and Performance Committee every year.	The 2017-18 savings scheme delivery was included in the revised financial plan paper to the Executive Management Board in May 2018 and again in June 2018. The June 2018 report provided information about improved governance and monitoring of financial savings. The evaluation of 2017-18 and 2018-19 savings delivery will be used to support the planning process for 2019-20 savings.	In progress

Recommendation	Action taken in response	Progress
R3 Reporting of savings The Trust should review the financial savings information currently included in the financial report used at Board and committees. The review should consider whether the current level of information is sufficient to allow detailed scrutiny of the achievement of savings schemes and targets.	The Trust includes more detail on the financial savings position in the Board finance reports. This detail includes information on: • saving schemes failing to deliver; • forecast savings position to year-end; • the profile of delivery of savings anticipated through the year; • the movement of schemes from risk ratings of red to amber to green; and • the value of savings required where no schemes are yet identified.	Complete
R4 Scrutiny of the IMTP Given the ongoing difficulties related to the funding gap in the IMTP, and the likelihood of continued financial pressure, the Board should agree an approach to bolstering its scrutiny of future drafts of the IMTP and the financial assumptions included within it.	The Trust has developed a timetable for the development of the 2019-2022 IMTP, which builds in time for Board scrutiny. The IMTP planning guidance emphasises the need to identify demand for services and the cost of delivery. More time has been allocated for Board seminars providing further opportunities for Board scrutiny.	Complete
R5 Better data on cost and demand The current work on a financial contracting model is essential to the Trust being able to strengthen its negotiating position on its funding, and in strengthening its planning of savings. The Trust should set out a clear timescale for completing this work and should provide routine reports on progress to the Board.	Progress in implementing the new costing model is behind schedule. The Trust has revised the completion deadline twice since our 2017 Structured Assessment and is now anticipated that the work will be completed in March 2019. The Trust is in discussion with VCC's commissioners to agree running the new model alongside the current contracting model during 2019-20. Since July 2018, progress on developing the model has been set out in each Board Finance Report. Once development of the cost model is complete, and the Trust has evaluated the financial impact, a report will be presented to the Board with recommendations.	In progress

Recommendation	Action taken in response	Progress
R6 Hosting arrangements Within the next year, the Trust should review progress in implementing the NWIS Assurance Requirements to assess whether new arrangements are leading to more effective governance and assurance.	The Trust has taken steps to clarify and enhance the current governance arrangements for NWIS, including: • agreeing a clearer set of arrangements for the governance of NWIS, by clarifying the areas where the Trust is accountable, and in those areas, setting out what is required by the Trust; • tracking actions to implement recommendations arising from external reviews of NWIS and reporting to the Audit Committee; • working with NWIS to expedite the reporting of the underlying reasons (and remedial action) for major incidents (data outages) affecting national IT systems in 2017 and 2018; • providing scrutiny of NWIS workforce decisions to enable a quicker response to be managing any future major ICT incidents; and • working with NWIS to ensure that a draft Internal Audit plan is developed and delivered at NWIS. The Trust is not responsible for determining what areas will be covered in the plan and is currently working with the Welsh Government to determine the most appropriate arrangements for reporting assurance to the Welsh Government and other health bodies. The Trust will review the effectiveness of the proposed assurance requirements of NWIS in spring 2019, in line with, and dependent upon, any changes arising from the independent informatics review.	In progress
R7 Board assurance programme Given the low level of awareness of the BAF amongst Independent Members, the Trust should develop a plan to increase Board ownership, involvement and awareness of the programme.	At the end of 2017, an IM was identified to lead on behalf of the other IMs on risk management arrangements (including the BAF) and is providing insight to inform the BAF development. Since our previous Structured Assessment, two updates on the BAF have been provided to the Board, and the Trust told us they intended to hold a Board seminar on risk management and the BAF in the last quarter of 2018. Whilst Board awareness and involvement in the development of the BAF has increased in 2018, the Board must ensure that it 'owns' the BAF and is content	In progress

Recommendation	Action taken in response	Progress
	with development to date, the direction of travel and how the BAF will be applied and reviewed.	
R8 Risk management As part of the board assurance programme the Trust should review its risk register, to ensure it covers risks relating to the delivery of the Trust's organisational priorities, as well as the top operational risks. The review should include a retrospective element to see whether the risks that have materialised this year could and should have been described more effectively in the register.	Our assessment found that the description of risk and progress to mitigate those risks is now better described in the risk register. However, whilst we have been told the retrospective review has been completed, at the time of writing, the results had not been discussed by the Executive Management Board, and we have not seen them.	In progress
R9 Information governance Alongside the creation of its information asset register, the Trust should develop a record of information sharing protocols (ISPs) and data disclosure agreements (DDAs) to make sure it is tracking the ways in which it shared personal information.	Information asset registers are now in place and work is ongoing to ensure the register is populated with all data processed. Work to create a record of information sharing protocols and data disclosure agreements is also ongoing.	In progress
R10 Information governance Given the importance of the GDPR and the large potential fines, the Trust should consider including the potential for non-compliance with the GDPR in its risk register.	The Trust added the risk of non-compliance of GDPR to the corporate risk register in October 2017. A GDPR action plan was developed and progress monitored by the GDPR Task and Finish Group. Key departmental leads were identified to progress the work needed to comply with GDPR. GDPR is a standing item on the Information Governance and Information Technology and Communications Committee. It was agreed by the Executive Management Board that the risk would be deescalated to divisional level in June 2018 and removed from the corporate risk register.	Complete

Recommendation	Action taken in response	Progress
R11 Leadership capacity Given the extent of change ongoing within the organisation, the Trust should, as a matter of urgency, implement our 2015 recommendation on risk assessing the adequacy of senior leadership and change management capacity.	The Workforce and Organisational Development Team commenced a small-scale audit to map the strategic projects that senior managers are involved in, and to assess the impact that transformational projects have on their core role. In 2018, the team shared the findings with the Executive Management Board, the audit identified that senior managers and operational managers need additional project management support and that the capacity at the senior leadership level was limited. At the time of writing, the Trust told us it was developing plans to increase the capacity of the senior leadership team to ensure sufficient strategic oversight for delivering operational plans and progressing the transformational programmes.	Complete – but actions to address gaps are in progress

Appendix 2

The Trust's response to this year's recommendations

Exhibit 4: management response to 2018 recommendations

Recommendation	Management response	Completion date	Responsible officer
Implementing previous recommendations R1 Several recommendations that we made in 2017 are still incomplete. The Trust should fully implement the outstanding recommendations (as detailed in Appendix 1).	The outstanding actions relate to development of public engagement strategy and up to date information on Trust website. Both actions continue to be taken forward. • A Public Engagement Strategy is being developed, focussed on the TCS and the new cancer hospital. • The Trust's websites are under review, with a project being established to migrate information onto a new platform.	31 December 2019	Chief Executive
Transparency of decision making R2 The Trust should ensure that there is a mechanism to check that any agenda items considered for private Board and committee sessions are appropriate for private (and not public) meetings.	A revised report template will be produced and issued for all Board and committee reports. The nature of the paper (public or private) will be clearly stated on the coversheet of the report, with clear justification for all papers deemed necessary for consideration in private session.	28 February 2019	Director of Corporate Governance
Transparency of Board business R3 The Trust should ensure that board papers are made available to the public in advance of board meetings.	Board papers will be published in advance of all public Board meetings.	31 March 2019	Director of Corporate Governance

Recommendation	Management response	Completion date	Responsible officer
Tracking Internal and External audit recommendations R4a The Trust should improve arrangements to track audit recommendations by: – Implementing an audit tracker for the Quality and Safety Committee to monitor progress against findings and recommendations made by other external regulators, such as reports by Healthcare Inspectorate Wales and the Medicines and Healthcare Products Regulatory Agency, where these are not tracked by other committees.	An audit tracker will be implemented from 1 April 2019 for external reviews, addressing recommendations relevant to the Trust.	30 April 2019	Executive Director of Nursing & Service Improvement
Tracking Internal and External audit recommendations R4b The Trust should improve arrangements to track audit recommendations by: – Implementing a mechanism for ensuring that when Internal Audit and External Audit (Wales Audit Office) actions are completed, the responsible officer provides a brief summary of the actions taken to the Audit Committee, along with a request to close the action.	The existing process surrounding the management and monitoring of outstanding audit recommendations will be reviewed and an additional procedure introduced to ensure the Audit Committee is sighted on all actions which have been undertaken to discharge audit recommendations.	30 April 2019	Executive Director of Finance
Clinical audit scrutiny R5a Both the Quality and Safety Committee and Audit Committee should ensure that they fulfil requirements set out in the Trust's Standing Orders to provide assurance on the quality of services, patient care, and securing improvements: – The Quality and Safety Committee should review and approve clinical audit plans, ensuring that	The new project audit form and group will specifically assess clinical audit plans to ensure they are linked to the IMTP and the Trusts strategic objectives.	30 April 2019	Medical Director

Recommendation	Management response	Completion date	Responsible officer
clinical audit plans address any risks to achieving strategic objectives and organisational risks.			
Clinical audit scrutiny R5b Both the Quality and Safety Committee and Audit Committee should ensure that they fulfil requirements set out in the Trust's Standing Orders to provide assurance on the quality of services, patient care, and securing improvements: – Improvements should be made to the content of clinical audit reports from both VCC and WBS to clearly identify the audit findings, any associated risks and actions for improvement and follow-up.	A review of reporting clinical audits will result in reports addressing associated risks resulting from the audit, clearly stating where improvements need to be made. There is an action plan for each Site Specific Team detailing the recommendations from clinical audits and agreeing actions at the Site Specific Team meetings.	30 Sept 2019	Medical Director
Clinical audit scrutiny R5c Both the Quality and Safety Committee and Audit Committee should ensure that they fulfil requirements set out in the Trust's Standing Orders to provide assurance on the quality of services, patient care, and securing improvements: – The Quality and Safety Committee should assure itself that the audit clinical audit findings are addressed.	The clinical audit report will articulate how the findings are being addressed by action plans.	30 Sept 2019	Medical Director
Clinical audit scrutiny R5d Both the Quality and Safety Committee and Audit Committee should ensure that they fulfil requirements set out in the Trust's Standing Orders	The definition of success for a clinical audit should be defined at the outset by the objective, aims and desired outcomes. These success factors will be reviewed at the conclusion of each audit and reported on. The	30 Sept 2019	Medical Director

Recommendation	Management response	Completion date	Responsible officer
to provide assurance on the quality of services, patient care, and securing improvements: – The Audit Committee should clarify how it assures itself that the clinical audit function is effective.	new audit project forms will specifically require this information. By linking the audit plans to the IMTP and strategic risks, the Audit Committee will be able to assess its effectiveness by contributing to mitigating those risks.		
Internal controls R6a The 2018-19 NFI data matches will be released in January 2019. The Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed, and where necessary investigated in a timely manner, the plan should include: – Commencing the review of the data-matches as soon as possible following release.	Responsibilities to check the creditor and payroll matches have been agreed with appropriate NWSSP Accounts Payable and Payroll staff. These will commence once the data matches are received. On a monthly basis, the Trust's Head of Financial Operations will review the data within the web application and ensure that progress is being made, that anomalies are being investigated, and information is input into the tool as required.	28 February 2019 and ongoing once data received back	Work undertaken by NWSSP Accounts Payable and Payroll staff & monitored by Head of Financial Operations & Local Counter Fraud Specialist
Internal controls R6b The 2018-19 NFI data matches will be released in January 2019. The Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed, and where necessary investigated in a timely manner, the plan should include: – Reviewing all high-risk matches, and in addition, carrying out a review of a sample of the remaining data matches	It is not possible to review and investigate every high risk match. Velindre received 4,400 matched last year and 416 were considered high risk. In line with all other NHS organisations and as is consistent with previous years, an initial proportion (between 10 and 20%, dependent on the number of high risk matches) of matches will be reviewed. Should these reviews identify any significant risks or issues, then the proportion of high risk matches will be increased.	28 February 2019 and ongoing once data received back	Work undertaken by NWSSP Accounts Payable and Payroll staff & monitored by Head of Financial Operations & Local Counter Fraud Specialist

Recommendation	Management response	Completion date	Responsible officer
Internal controls R6c The 2018-19 NFI data matches will be released in January 2019. The Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed, and where necessary investigated in a timely manner, the plan should include: – Ensuring that where data-matches have been reviewed, the NFI web application is updated to clearly record how matches were reviewed and the outcomes of those reviews;	NWSSP Accounts Payable and Payroll staff undertaking the reviews have agreed that this will be done, and any external correspondence undertaken outside of the system, will be recorded on the system.	28 February 2019 and ongoing once data received back	Work undertaken by NWSSP Accounts Payable and Payroll staff & monitored by Head of Financial Operations & Local Counter Fraud Specialist
Internal controls R6d The 2018-19 NFI data matches will be released in January 2019. The Trust should put in place an action plan to ensure that the data matches it receives from that exercise are reviewed, and where necessary investigated in a timely manner, the plan should include: – Ensuring that there is a mechanism to check for queries received from other bodies and providing timely responses.	This will be undertaken during the monthly reviews described in the action set out against recommendation R6a.	28 February 2019 and ongoing once data received back.	Head of Financial Operations & Local Counter Fraud Specialist
Engaging with commissioners R7a While the Trust continues to develop a new cost model for service delivery, it should ensure that there is:	Through the monthly Collective Commissioning meeting Agenda, VCC's commissioners have been made aware of, and updated on, the timetable for finalising the key stages of work relating to the new contracting model. The commissioners are aware that the new model will be shadow run alongside the existing	Complete	Deputy Director of Finance

Recommendation	Management response	Completion date	Responsible officer
– An agreed timetable and set of arrangements in place to share assessments of the impact of the new cost model during the pilot with commissioners.	contract modelling during 2019-20 to enable both commissioners and the Trust to understand the impact on expenditure and income respectively. A summary level action plan was produced for the development of the new contracting model and costing work required for the model and Welsh Government costing returns.		
Engaging with commissioners R7b While the Trust continues to develop a new cost model for service delivery, it should ensure that there is: – An agreed timetable for the formal sign-off of the new cost model.	The Trust has agreed with VCC's commissioners, through the Collective Commissioning meeting, that during February and March 2019 the Trust will run a number of workshops to take commissioners through the details of the new contracting model, and seek their collective agreement and sign-off for the Trust to shadow run the new model alongside the existing contracting arrangements. During 2019-20, the Trust will continue to engage with VCC's commissioners to agree a date when the new contracting model will become live, not to be any later than March 2020.	31 March 2019	Deputy Director of Finance
Closing capacity and capability gaps R8 The Trust should prioritise a review of support services in the two divisions to identify areas that could be integrated to reduce the duplication of effort, increase organisational learning and to inform plans to address capacity and capability gaps.	The Trust will prioritise a review of support services across the Trust to identify areas that could be integrated to reduce the duplication of effort, increase organisational learning and to inform plans to address capacity and capability gaps.	30 Sept 2019	Chief Executive

Recommendation	Management response	Completion date	Responsible officer
Staff engagement R9 The Trust should prioritise a review of its change management and staff engagement arrangements to identify improvements. The review should identify how to best articulate the reasons for transformation, identify appropriate support for staff, ensure that communication is regular and is informed by learning from the Blood Supply Chain 2020.	The current communications and engagement plan for the TCS transformational programme will be reviewed and updated. The WBS Blood Supply Chain 2020 communication and engagement plans will be used as a focus for learning to inform this work.	30 June 2019	Executive Director of Organisational Design and Workforce

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