



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	28 January 2021	Agenda Item	5.1
Report Title	Annual Audit Report and Structured Assessment		
Report Author	Pam Wenger, Director of Corporate Governance		
Report Sponsor	Pam Wenger, Director of Corporate Governance		
Presented by	Pam Wenger, Director of Corporate Governance		
Freedom of Information	Open		
Purpose of the Report	<p>This report presents the findings of Wales Audit Office's key findings from the audit work undertaken at Swansea Bay University Health Board by the Wales Audit Office during 2020.</p> <p>The Structured assessment report examines the Health Board's arrangements that support good governance and the efficient, effective and economic use of resources.</p>		
Key Issues	<p>The Annual Audit Report (<i>Appendix 1</i>) to Board Members sets out the key findings from the audit work undertaken at Swansea Bay University Health Board by the Wales Audit Office during 2020.</p> <p>The Structured assessment report (<i>Appendix 2</i>) examines the Health Board's arrangements that support good governance and the efficient, effective and economic use of resources.</p>		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • RECEIVE and support the Annual Audit Letter; • RECEIVE and support the structured assessment report; • AGREE that the Executive Team will address the improvement opportunities as outlined in the report; and • AGREE the delivery of outstanding recommendations from previous reports by end March 2021; and • AGREE that the Audit Committee will continue to scrutinise the delivery of the recommendations 		

ANNUAL AUDIT REPORT AND STRUCTURED ASSESSMENT

1. INTRODUCTION

The Annual Audit Report (*Appendix 1*) to Board Members sets out the key findings from the audit work undertaken at Swansea Bay University Health Board by the Wales Audit Office during 2020.

The Structured assessment report (*Appendix 2*) examines the Health Board's arrangements that support good governance and the efficient, effective and economic use of resources.

2. BACKGROUND

The Annual Audit Report now being presented to the Board is reflective of any amendments that were agreed to the Structured Assessment report, and it is concurred that the report presents a fair and balanced view of the organisation, recognising both the positive aspects identified and those areas where further progress is required.

The structured assessment for 2020 included interviews with executive directors and independent members of the board, observations of board and committee meetings and review of relevant documents as well as performance and financial data.

While the work followed similar themes to previous years, the scope was broadened to include commentary on arrangements relating to procurement and improving efficiency and productivity. The report setting out the findings does so under three themes:

- Governance arrangements;
- Approach to strategic planning; and
- Wider arrangements that support the efficient, effective and economical use of resources.

2 GOVERNANCE AND RISK ISSUES

a) Annual Audit Report

This report summarises the work undertaken by the Wales Audit Office and allows the Auditor General for Wales to discharge his responsibilities under the Public Audit (Wales) Act 2004 in respect of the audit of the accounts and the UHB's arrangements to secure efficiency, effectiveness and economy in its use of resources.

The audit work focused on strategic priorities and the significant financial and operational risks facing the Health Board, and which are relevant to the audit responsibilities of the Auditor General for Wales.

The Auditor General for Wales (AGfW):

- Concluded that the Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. The work did not identify any material weaknesses in the Health Board's internal controls relevant to my audit of the accounts. However, an Emphasis of Matter paragraph was included in the report to draw attention to disclosures in the accounts relating to NHS Clinician's pension tax liabilities.
- The Health Board did not achieve financial balance for the three-year period ending 31 March 2020, and although had no other material financial transactions that were not in accordance with authorities nor used for the purposes intended, therefore the AGfW issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2019-20 accounts.

- Alongside the audit opinion was a substantive report on the Health Board's financial statements to highlight the failure to achieve financial balance and to have an approved three-year plan in place.
- The Health Board maintained overall good governance while working with revised frameworks to discharge Board responsibilities during the COVID-19 response;
- The Health Board faces significant financial challenges, including the ongoing costs for responding to COVID-19, but it has strengthened aspects of financial management and maintained effective financial controls and reporting;
- Operational plans are informed by data modelling, a clear commitment to stakeholder engagement, regional working and staff wellbeing with arrangements for monitoring progress and performance. However, another COVID-19 peak will present a significant workforce challenge;
- The Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

b) Structured Assessment 2020

The main conclusion of the report stated:

"We found that the Health Board maintained good governance during the pandemic. Rapid development of data modelling informed agile decision making and planning for the restart of services. The organisation sustained focus on its performance and financial position with continuing improvements made for greater grip and control. These Improvements have not yet secured the necessary performance improvement and the full impact of Covid-19 is not yet known. The Health Board has not lost sight of its clinical services plan or ambitions for transformation. A reset and recovery programme is taking the learning from innovations during the pandemic to inform the organisation's future operating model.

"Overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the Covid-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.

"The Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of Covid-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing Covid-19 costs will likely lead to a bigger deficit without extra funding. Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to breakeven in three years will need recasting in light of Covid-19 and the smaller cost base from which to make savings following the Bridgend boundary change.

"Operational planning is informed by data modelling with arrangements to monitor progress and performance and a clear commitment to stakeholder engagement and regional working. Operational plans support the restart of services and recognise clinical service plan priorities. The Health Board reshaped performance reporting and is developing a new performance management framework based on the four quadrants of

harm. The Health Board is supporting staff wellbeing and rose to workforce challenges, although in the event of another Covid-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed

"We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work."

The key findings are summarised below:

- We found that the Health Board maintained good governance during the pandemic. Rapid development of data modelling informed agile decision making and planning for the restart of services. The organisation sustained focus on its performance and financial position with continuing improvements made for greater grip and control. These Improvements have not yet secured the necessary performance improvement and the full impact of Covid-19 is not yet known. The Health Board has not lost sight of its clinical services plan or ambitions for transformation. A reset and recovery programme is taking the learning from innovations during the pandemic to inform the organisation's future operating model.
- Overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the Covid-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.
- The Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of Covid-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing Covid-19 costs will likely lead to a bigger deficit without extra funding. Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to breakeven in three years will need recasting in light of Covid-19 and the smaller cost base from which to make savings following the Bridgend boundary change.
- Operational planning is informed by data modelling with arrangements to monitor progress and performance and a clear commitment to stakeholder engagement and regional working. Operational plans support the restart of services and recognise clinical service plan priorities. The Health Board reshaped performance reporting and is developing a new performance management framework based on the four quadrants of harm. The Health Board is supporting staff wellbeing and rose to workforce challenges, although in the event of another Covid-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed
- We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work.

The Audit Committee reviews progress against all Internal and External Audit Reports as part of their assurance role on behalf of the Board. Updates will be reported through the Audit Committee exception report.

3 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendations in this report.

4 RECOMMENDATIONS

Members are asked to:

- **RECEIVE** and support the Annual Audit Letter;
- **RECEIVE** and support the structured assessment report;
- **AGREE** that the Executive Team will address the improvement opportunities as outlined in the report; and
- **AGREE** the delivery of outstanding recommendations from previous reports by end March 2021; and
- **AGREE** that the Audit Committee will continue to scrutinise the delivery of the recommendations.

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input checked="" type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input checked="" type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Ensuring the Board and its Sub-Committee(s) makes fully informed decisions is dependent on the quality and accuracy of the information presented and considered by those making decisions. Informed decisions are more likely to impact favourably on the quality, safety and experience of patients and staff.		
Financial Implications		
There are no direct financial implications arising from this report.		
Legal Implications (including equality and diversity assessment)		
Ensuring the board carries out its business appropriately in accordance with the governance and legal frameworks as set down by Welsh Government.		
Staffing Implications		
No staffing implications arising from this report.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
The Act requires the Health Board to think more about the long term, how we work better with people and communities and each other, look to prevent problems and take a more joined up approach with partners. There will be long term risks that will affect both the delivery of services, therefore, it is important that you use these five ways of working (Long Term Thinking, Prevention, Integration, Collaboration and Involvement) and the wellbeing goals identified in the Act in order to frame what risks the Health Board may be subject to in the short, medium and long term. This will enable The Health Board to take the necessary steps to ensure risks are well managed now and in the future.		
Report History	Annual report to the board	
Appendices	Appendix 1 - Annual Audit Report 2020 Appendix 2 – Structured Assessment 2020	

Annual Audit Report 2020 – Swansea Bay University Local Health Board

Audit year: 2019-20

Date issued: December 2020

Document reference: 2168A2020-21

This document has been prepared for the internal use of Swansea Bay University Local Health Board as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

© Auditor General for Wales 2020

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Summary report	
About this report	4
Key messages	5
Detailed report	
Audit of accounts	7
Arrangements for securing efficiency, effectiveness and economy in the use of resources	9
Appendices	
Appendix 1 – reports issued since my last annual audit report	12
Appendix 2 – audit fee	14
Appendix 3 – financial audit risks	15

Summary report

About this report

- 1 This report summarises the findings from my 2020 audit work at Swansea Bay University Health Board (the Health Board) undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004. That Act requires me to:
 - examine and certify the accounts submitted to me by the Health Board, and to lay them before the Senedd;
 - satisfy myself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
 - satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2 I report my overall findings under the following headings:
 - Audit of accounts
 - Arrangements for securing economy, efficiency and effectiveness in the use of resources
- 3 This year's audit work took place at a time when public bodies were responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Given its impact, I re-shaped my planned work programmes by considering how to best assure the people of Wales that public funds are well managed. I considered the impact of the current crisis on both resilience and the future shape of public services and aimed to ensure my work did not hamper public bodies in tackling the crisis, whilst ensuring it continued to support both scrutiny and learning. All on-site audit work was suspended whilst we continued to work and engage remotely where possible through the use of technology. This inevitably had an impact on the delivery of some of my planned audit work but has also driven positive changes in our ways of working.
- 4 The delivery of my audit of accounts work was not without its challenges, not only in how and where we undertook the work, but also in taking account of new considerations for financial statements arising directly from the pandemic. The success in delivering to the amended timetable reflects a great collective effort by both my staff and the Health Board's officers to embrace and enable new ways of working and remain flexible to and considerate of the many issues arising.
- 5 At the onset of the pandemic I suspended the publication of some performance audit reports nearing completion, reflecting the capacity of audited bodies to support remaining fieldwork and contribute to the clearance of draft audit outputs. I have also adjusted the focus and approach of some other planned reviews to ensure their relevance in the context of the crisis. New streams of work have been introduced, such as my review of the Test, Trace and Protect programme, and my local audit teams have contributed to my wider COVID-19 learning work.

- 6 This report is a summary of the issues presented in more detailed reports to the Health Board this year (see **Appendix 1**). I also include a summary of the status of planned work currently being re-scoped.
- 7 **Appendix 2** presents the latest estimate of the audit fee that I will need to charge to cover the costs of undertaking my work, compared to the original fee set out in the 2020 Audit Plan.
- 8 **Appendix 3** sets out the financial audit risks set out in my 2020 Audit Plan and how they were addressed through the audit.
- 9 The Chief Executive, the Director of Finance and Director of Corporate Governance have agreed the factual accuracy of this report. We presented it to the Audit Committee on 12 January 2021. The Board will receive the report at its January 2021 Board meeting and every member will receive a copy. We strongly encourage the Health Board to arrange its wider publication. We will make the report available to the public on the [Audit Wales website](#) after the Board have considered it.
- 10 I would like to thank the Health Board's staff and members for their help and co-operation throughout my audit.

Key messages

Audit of accounts

- 11 I concluded that the Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board's internal controls relevant to my audit of the accounts. However, I placed an Emphasis of Matter paragraph in my report to draw attention to disclosures in the accounts relating to NHS Clinician's pension tax liabilities.
- 12 The Health Board did not achieve financial balance for the three-year period ending 31 March 2020, and although had no other material financial transactions that were not in accordance with authorities nor used for the purposes intended, I have issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2019-20 accounts.
- 13 Alongside my audit opinion, I placed a substantive report on the Health Board's financial statements to highlight the failure to achieve financial balance and to have an approved three-year plan in place.

Arrangements for securing efficiency, effectiveness and economy in the use of resources

- 14 My programme of Performance Audit work has led me to draw the following conclusions:

- the Health Board maintained overall good governance while working with revised frameworks to discharge Board responsibilities during the COVID-19 response;
- the Health Board faces significant financial challenges, including the ongoing costs for responding to COVID-19, but it has strengthened aspects of financial management and maintained effective financial controls and reporting;
- operational plans are informed by data modelling, a clear commitment to stakeholder engagement, regional working and staff wellbeing with arrangements for monitoring progress and performance. However, another COVID-19 peak will present a significant workforce challenge; and
- the Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

15 These findings are considered further in the following sections.

Detailed report

Audit of accounts

- 16 This section of the report summarises the findings from my audit of the Health Board's financial statements for 2019-20. These statements are how the organisation shows its financial performance and sets out its net assets, net operating costs, recognised gains and losses, and cash flows. Preparing the statements is an essential element in demonstrating the appropriate stewardship of public money.
- 17 My 2020 Audit Plan set out the financial audit risks for the audit of the Health Board's 2019-20 financial statements. **Exhibit 4 in Appendix 3** lists these risks and sets out how they were addressed as part of the audit.
- 18 My responsibilities in auditing the Health Board's financial statements are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

Accuracy and preparation of the 2019-20 financial statements

- 19 **The Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board's internal controls relevant to my audit of the accounts. However, I placed an Emphasis of Matter paragraph in my report to draw attention to disclosures in the accounts relating to NHS Clinician's Pension Tax Liabilities.**
- 20 I received draft accounts by the deadline and the supporting working papers were of good quality.
- 21 I reviewed those internal controls that I considered to be relevant to the audit to help me identify, assess and respond to the risks of material misstatement in the accounts. I did not consider them for the purposes of expressing an opinion on the operating effectiveness of internal control. My review did not identify any significant deficiencies in the Health Board's internal controls.
- 22 I must report issues arising from my work to those charged with governance before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues to the Health Board's Audit Committee on 25 June 2020. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues identified in the Audit of Financial Statements Report

Issue	Auditors' comments
Uncorrected misstatements	There were no uncorrected misstatements.
Corrected misstatements	There were several adjustments made to the draft accounts which in the main related to additional narrative to provide more clarity.
Other significant issues	I qualified my regularity opinion and issued a substantive report because the Health Board did not achieve its financial duty to achieve financial balance for the three years ending 2019-20.

- 23 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position at 31 March 2020 and the return was prepared in accordance with the Treasury's instructions.
- 24 My separate audit of the charitable funds financial statements is complete, and I issued an unqualified opinion on the accounts on 10 November 2020.

Regularity of financial transactions

- 25 **The Health Board did not achieve financial balance for the three-year period ending 31 March 2020 and so I have issued a qualified opinion on the regularity of the financial transactions within its 2019-20 accounts.**
- 26 The Health Board's financial transactions must be in accordance with authorities that govern them. The Health Board must have the powers to receive the income and incur the expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Health Board does not have the powers to receive or incur.
- 27 Where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.
- 28 In 2019-20, the Health Board reported a year-end deficit of £16.3 million. In addition, the Health Board breached its cumulative resource limit by spending £58.6 million over the £3.1 billion that it was authorised to spend in the three-year period 2017-18 to 2019-20.

- 29 **Alongside my audit opinion, I placed a substantive report on the Health Board's financial statements to highlight its failure to achieve financial balance and also its failure to have an approved three-year plan in place.**
- 30 I have the power to place a substantive report on the Health Board's accounts alongside my opinions where I want to highlight issues.
- 31 Due to the Health Board's failure to meet its financial duties I issued a substantive report setting out the factual details: it failed its duty to achieve financial balance (as set out above) and it does not have an approved three-year plan in place. The Health Board is currently working to a one-year plan.

Arrangements for securing efficiency, effectiveness and economy in the use of resources

- 32 I have a statutory requirement to satisfy myself that the Health Board has proper arrangements in place to secure efficiency, effectiveness and economy in the use of resources. I have undertaken a range of performance audit work at the Health Board over the last 12 months to help me discharge that responsibility. This work has involved:
- undertaking a structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively and economically; and
 - reviewing the effectiveness of the Health Boards counter-fraud arrangements.
- 33 My conclusions based on this work are set out below.

Structured assessment

- 34 My structured assessment work was designed in the context of the ongoing response to the pandemic. I ensured a suitably pragmatic and relevant approach to help me discharge my statutory responsibilities, whilst minimising the impact on NHS bodies as they responded to the next phase of the COVID-19 pandemic. The key focus of the work was on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors also paid attention to progress made to address previous recommendations where these related to important aspects of organisational governance and financial management especially in the current circumstances.
- 35 The structured assessment grouped our findings under three themes:
- governance arrangements;
 - managing financial resources; and

- operational planning: to support the continued response to the pandemic balanced against the provision of other essential services.

Governance arrangements

- 36 My work considered the Health Board's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic.
- 37 My work found that overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the COVID-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.

Managing financial resources

- 38 I considered the Health Board's financial performance, changes to financial controls during the pandemic and arrangements for monitoring and reporting financial performance.
- 39 I found that the Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of COVID-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing COVID-19 costs will likely lead to a bigger deficit without extra funding.
- 40 Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to break even in three years will need recasting in the light of COVID-19 and the smaller cost base from which to make savings following the Bridgend boundary change.

Operational Planning

- 41 My work considered the Health Board's progress in developing and delivering quarterly operational plans to support the ongoing response to COVID-19 and to provide other essential services and functions in line with Welsh Government planning guidance. At the time of our work, the focus was on essential services with the aim of restoring normal and routine activities when it is safe and practicable to do so.

- 42 My work found that operational planning is informed by data modelling with arrangements to monitor progress and performance, and a clear commitment to stakeholder engagement and regional working. Operational plans also support the restart of services and recognise clinical service plan priorities. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed
- 43 The Health Board has reshaped performance reporting and is developing a new performance management framework based on the four quadrants of harm. The Health Board is also supporting staff wellbeing and rose to workforce challenges, although in the event of another COVID-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme.

Effectiveness of counter-fraud arrangements

- 44 In June 2019, I published an [overview for the Public Accounts Committee](#) describing counter-fraud arrangements in the Welsh public sector. My team then undertook a more detailed examination across a range of Welsh public sector bodies to examine how effective counter-fraud arrangements are in practice and to make recommendations for improvement. In July 2020 I published [Raising Our Game – Tackling Fraud in Wales](#) setting out a summary of my findings and seven 'key themes' that all public bodies need to focus on in raising their game to tackle fraud more effectively.
- 45 Whilst this work was not included in the Health Board's audit plan, I also published an additional report setting out the Health Board's specific arrangements for preventing and detecting fraud. I found that the Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

Appendix 1

Reports issued since my last annual audit report

Exhibit 2: reports issued since my last annual audit report

Report	Date
Financial audit reports	
Audit of Financial Statements Report	June 2020
Opinion on the Financial Statements	July 2020
Audit of Financial Statements Report – Charitable Funds	October 2020
Opinion on the Financial Statements – Charitable Funds	November 2020
Performance audit reports	
Structured Assessment 2020	September 2020
Effectiveness of counter-fraud arrangements	August 2020
Other	
2020 Audit Plan	

Exhibit 3: performance audit work still underway

Report	Estimated completion date
Orthopaedics	December 2020
Review of Welsh Health Specialised Services Committee	December 2020
Test, Trace and Protect	December 2020
Unscheduled care	Phase 1 – February 2021 Further work to be included as part of 2021 plan
Review of the commissioning and contracting arrangements post Bridgend boundary change	March 2021
Quality Governance arrangements	April 2021

Appendix 2

Audit fee

The 2020 Audit Plan set out the proposed audit fee of £391,807 (excluding VAT). My latest estimate of the actual fee, on the basis that some work remains in progress, is in keeping with the fee set out in the outline.

Appendix 3

Financial audit risks

Exhibit 4: financial audit risks

Audit risk	Proposed audit response	Work done and outcome
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	<p>My audit team will:</p> <ul style="list-style-type: none"> test the appropriateness of journal entries and other adjustments made in preparing the financial statements; review accounting estimates for biases; and evaluate the rationale for any significant transactions outside the normal course of business. 	<p>My audit team:</p> <ul style="list-style-type: none"> tested journal entries; reviewed accounting estimates, particular primary care payments; and did not identify any transactions outside of the normal course of business. <p>No matters arose from the work carried out.</p>
There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk [ISA 240.26-27].	<p>My audit team will:</p> <ul style="list-style-type: none"> review and test the individual funding and income streams received by the Health Board; and consider whether all funding and income streams have been identified. 	<p>My audit team reviewed income streams for completeness and tested for accuracy.</p> <p>No matters arose from the work carried out.</p>
There is a significant risk that the Board will fail to meet its first financial duty to break even over a three-year period. The position at month 9 shows a year-to-date deficit of	<p>My audit team will focus its testing on areas of the financial statements which could contain reporting bias.</p> <p>I may choose to place a substantive report on the financial statements</p>	<p>My audit team reviewed year-end transactions, in particular accruals and cut-off. No matters arose from the work carried out.</p> <p>I placed a substantive report on the financial statements explaining the</p>

<p>£11.1m and a forecast year-end deficit of £12.3m. This combined with the outturns for 2017-18 and 2018-19, predicts a three-year deficit position.</p> <p>Where the Board fails this financial duty, I will qualify my regularity opinion and will place a substantive report on the financial statements highlighting the failure.</p> <p>The current financial pressures on the Board increase the risk that management judgements and estimates could be biased in an effort to achieve the financial duty.</p>	<p>explaining the failure and the circumstances under which it arose.</p>	<p>failure and the circumstances under which it arose.</p>
<p>Liabilities for continuing healthcare costs continue to be a significant financial issue for the Health Board. The most recent monitoring return notes an increase in the number of claims and the Health Board includes within its financial statements amounts relating to those uncertain continuing healthcare costs.</p> <p>There is a risk that these amounts are not correctly reflected in the financial statements and the financial statements</p>	<p>My audit team will audit Continuing Healthcare expenditure and ensure the correct accounting treatment.</p>	<p>My audit team sample tested Continuing Healthcare expenditure, creditors, provisions and contingent liabilities. No matters arose from the work carried out.</p>

could be materially misstated.		
<p>Bridgend Boundary Transfer</p> <p>From 1 April 2019, the responsibility for providing healthcare services for people in the Bridgend County Borough Council area moved from Abertawe Bro Morgannwg University Health Board (ABM UHB) to Cwm Taf University Health Board (CT UHB).</p> <p>The financial statements will need to disclose this change from 1 April 2019.</p> <p>In addition, the Health Board has lost a number of key staff as part of the transfer which has placed additional pressures on the remaining staff, increasing the risk that the Health Board may not produce its 2019-20 financial statements by the required deadlines</p>	<p>My audit team will liaise with finance staff to ensure that the accounts production plan is adhered to and appropriate disclosures made.</p>	<p>My audit team liaised with finance staff and ensured that the accounts production plan was adhered to and appropriate disclosures made in the financial statements.</p>
<p>On 18 December 2019 the First Minister issued a formal Ministerial Direction to the Permanent Secretary requiring her to implement a 'scheme pays' initiative in respect of the NHS pension tax</p>	<p>We are considering the accounting treatment and audit implications of the direction (the first in Wales since 1999) in conjunction with the NAO who are currently addressing the same issue in NHS England.</p>	<p>My audit team considered the accounting treatment and audit implications. A Contingent Liability was included for this in the financial statements and an Emphasis of Matter included in our audit opinion.</p>

arrangements for clinical staff.		
<p>New accounting standards</p> <p>IFRS 16 will replace the current leases standard IAS 17 in 2020-21 and may pose implementation risks. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>	<p>My audit team reviewed the preparedness for the introduction of IFRS 16 Leases. No matters arose from the work carried out.</p>



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

Structured Assessment 2020 – Swansea Bay University Health Board

Audit year: 2020

Date issued: 26 August 2020

Document reference: 1959A2020-21

This document has been prepared for the internal use of Swansea Bay University Health Board as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

© Auditor General for Wales 2020

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

Summary report

About this report	4
Key messages	5

Detailed report

Governance arrangements	6
Managing financial resource	11
Operational planning	19

Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2020 structured assessment work at Swansea Bay University Health Board (the Health Board). 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 This year's Structured Assessment work took place at a time when NHS bodies were responding to the unprecedented and ongoing challenges presented by the COVID-19-19 pandemic. On 13 March 2020, the Minister for Health, Social Services and Sport issued a framework of actions to help prepare the system for the expected surge in COVID-19-19 cases. The framework included the cessation of non-urgent planned activity and the relaxation of targets and monitoring arrangements across the health and care system. Emergency funding arrangements were also introduced to facilitate the wide range of actions needed to respond urgently to the COVID-19-19 pandemic.
- 3 Shorter planning cycles were agreed for 2020-21 and supported by quarterly guidance setting out key considerations for the planning of the next phase of the pandemic, for maintaining delivery of essential services, and a movement towards the gradual reinstatement of routine services.
- 4 Our work¹ was designed in the context of the ongoing response to the pandemic to ensure a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic. The key focus of the work is on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors also paid attention to progress made to address previous recommendations² where these related to important aspects of governance and financial management especially in the current circumstances.
- 5 The report groups our findings under three themes:
 - governance arrangements;
 - managing financial resources; and
 - operational planning: to support the continued response to the pandemic balanced against the provision of other essential services.

¹ The conduct of our work was coordinated with Internal Audit's rapid governance review, which includes further testing of key controls noted in this report.

² Previous structured assessment recommendations can be found in [our 2019 report](#). The Health Board's management response to our 2019 recommendations can be found [here](#).

Key messages

- 6 We found that the Health Board maintained good governance during the pandemic. Rapid development of data modelling informed agile decision making and planning for the restart of services. The organisation sustained focus on its performance and financial position with continuing improvements made for greater grip and control. These Improvements have not yet secured the necessary performance improvement and the full impact of Covid-19 is not yet known. The Health Board has not lost sight of its clinical services plan or ambitions for transformation. A reset and recovery programme is taking the learning from innovations during the pandemic to inform the organisation's future operating model.
- 7 Overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the Covid-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.
- 8 The Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of Covid-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing Covid-19 costs will likely lead to a bigger deficit without extra funding. Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to breakeven in three years will need recasting in light of Covid-19 and the smaller cost base from which to make savings following the Bridgend boundary change.
- 9 Operational planning is informed by data modelling with arrangements to monitor progress and performance and a clear commitment to stakeholder engagement and regional working. Operational plans support the restart of services and recognise clinical service plan priorities. The Health Board reshaped performance reporting and is developing a new performance management framework based on the four quadrants of harm. The Health Board is supporting staff wellbeing and rose to workforce challenges, although in the event of another Covid-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed
- 10 We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work.

Detailed report

Governance arrangements

- 11 Our structured assessment work considered the Health Board's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic.
- 12 We found that **The Health Board maintained overall good governance while working with revised frameworks to discharge Board responsibilities during the Covid-19 response.**

Conducting business effectively

The Board adapted its governance arrangements to maintain transparency, support agile decision-making and ensure effective scrutiny and leadership during the pandemic response

The Board has taken steps to conduct business in an open and transparent way

- 13 Due to the Covid-19 pandemic, the Board has been unable to hold meetings in public but quickly moved to virtual meetings. Members of the public have been able to submit questions in advance of meetings, and the Board has provided a timely account of its meetings on social media platforms ahead of publishing the notes on its website. Board and committee papers/minutes have continued to be published on the website as usual.
- 14 Virtual meeting etiquette has been considered, with software functions used by Board Members to raise questions during Board and committee meetings. The Community Health Council continues to contribute at Board meetings. There have been a few minor IT connectivity issues, but these have not significantly hampered the conduct of meetings, and members rate IT support as excellent. The Board recorded its June meeting and live streamed in July using its YouTube TV channel. This reflects the Board's focus on public transparency, although public notice could be clearer and timelier.

Revised governance arrangements have supported rapid decision making and effective scrutiny

- 15 The Health Board implemented its major incident plan and established a robust command and control structure by March 2020. Led by the Director of Public Health, Gold command meets regularly with daily meetings held at the height of the Covid-19 peak. A clear programme and supporting infrastructure (including silver (cross Health Board) and bronze (delivery unit) response cells and a Covid-19 Command Centre (CCC) underpinned the Pandemic Emergency Response arrangements. A live predictive data modelling tool was rapidly developed in-house

to inform decision making. The tool, accessible to all Board members, provides a live status and projections against a range of indicators including capacity; demand; Covid-19 infection rates; workforce; and essential drugs and equipment requirements/availability. In addition to daily situation reporting (SITREP), Gold Command reported formally to the Board each month.

- 16 The Board fully considered Welsh Government guidance on discharging Board committee responsibilities during Covid-19. In April, the Board approved revised arrangements to support agile decision making and reduce unnecessary bureaucracy without compromising governance. Facilitated by temporary variation to parts of the Standing Orders, changes included:
- Streamlining Board and committee agendas and Board meetings increased to monthly.
 - Revision of committees with bi-monthly Audit and Quality & Safety (Q&S) Committee meetings³ with other committees stood down temporarily and finance, performance, and workforce reported directly to Board.
 - Agreeing working principles, including daily Chair/ Chief Executive Officer (CEO) contact, weekly Independent Member (IM) briefings, Vice-chair contacts with Primary Care and Mental Health operational leads and a range of CEO / Chair communications with staff, Assembly Members, Local Authority Leaders and CEOs, and Community Health Council (CHC) leads.
 - Detailing the process for Chairs actions on urgent matters.
 - Making provision for the approval of any necessary HR policy variations.
- 17 Shorter Board and committee meetings have been fully attended and focussed on business-critical matters supported by simplified agendas/papers. Information to support decisions and provide assurance on quality, finance and performance has been sufficiently timely with pre-Covid action log items and other business deferred until a more appropriate time documented. In addition to IM briefings, all committee chairs met regularly with lead executives. Our work found consistent board member understanding of the revised arrangements. We also observed effective scrutiny and challenge at Board and committee meetings.
- 18 There has been limited use of Chairs actions but where taken, there is a decision log, evidence of IM scrutiny and subsequent ratification by Board. Decision logs have also been maintained for Covid-19-related expenditure (discussed later) and the Health Board's Library Service has maintained a log of Welsh Government Covid-19 guidance.

³ Due to business volume Quality & Safety Committee resumed monthly meetings and an additional Audit Committee meeting supported final accounts scrutiny.

The Board has maintained oversight of its governance arrangements with a focus on learning and improvement

- 19 The revised governance arrangements have been kept under review by the Chair, Chief Executive and Director of Corporate Governance. The Health and Safety (H&S) Committee recommenced meetings in May to oversee important H&S matters and issues pertaining to Covid-19. In June, the Board approved the reinstatement of the other committees stood down. Committee workplans are currently being reviewed and deferred action log items rescheduled.
- 20 The Board assessed and confirmed its compliance with HM Treasury Corporate Governance in Central Departments; Code of Good Practice during 2019-20, as required in the organisation's Accountability Report to Welsh Government.
- 21 An archivist is being employed to record all Gold Command decision making for future reference. Additionally, the record could inform future emergency resilience planning.
- 22 The Board reflected on new ways of working during the pandemic and established a reset and recovery programme to identify which innovations and practices to retain going into recovery and beyond (discussed in part 3). The Board has also indicated its intent to:
 - retain virtual working, focussed agendas and regular IM briefings; and
 - build on enhanced partnership working fostered through the pandemic.

A stable and resilient Board has led the organisation during the Covid-19 response but there are significant changes to executive membership pending

- 23 During our fieldwork we have observed a cohesive Board and were told about the supportive approach of IMs, who recognised the significant pressures faced by officers. Whilst not enacted, first and second deputies were assigned in the scheme of delegation to ensure resilience and business continuity. The executive team drove whole system organisational response with IMs kept fully briefed on the situation, issues and risks through the mechanisms outlined above.
- 24 As the organisation moves into the reset and recovery phase of the pandemic, three executive directors will retire between July and December 2020, while the Director of Finance is an interim appointment since February. The Health Board is taking a risk-based approach to maintain continuity and avoid any hiatus in executive leadership. Recruitment for a new CEO is proceeding with appointment anticipated early October. Recruitment of a substantive Director of Finance is also progressing, with interim appointments for the executive nursing and workforce director posts. The Health Board is also looking to appoint a Deputy Director of Public Health for greater future resilience in respect of population health.

Systems of assurance

Systems of assurance essential during the COVID-19 response have been maintained with a strong focus on risk management

The Health Board effectively adapted its risk management system to manage a new stream of COVID-19 related risks

- 25 The Health Board completed significant work on risk management in 2019 resulting in an updated Health Board risk register (HBRR) and revised Risk Management Policy. While Internal Audit highlighted aspects of operational implementation that could be strengthened (January 2020), the corporate work has positioned the Health Board well. In April 2020, the Board reviewed the HBRR and increased its risk appetite from 16 to 20 in light of the pandemic. The arrangements for reporting and managing Covid-19 related risks through the emergency response command structures were also approved by Board.
- 26 Formal RAID logs (Risks, Actions, Issues and Decisions) were maintained for each Silver Command and cells within the command structure with daily risk reporting to the Covid-19 coordination centre (CCC). Delivery Units also maintained risk logs for their areas providing situation reporting (SITREPs) to Gold Command for triangulation of risks with a system wide impact. The CCC maintained a master log of risks and escalated those risks reported through daily RAID logs to Gold Command. Gold Command reviewed the register of Covid-19 risks rated at 20 or above at each meeting.
- 27 The risk management arrangements for non-COVID-19 risks continued as set out in the Risk Management Policy. All organisational risks are assigned a lead executive with the risk also assigned to either the Board or a specified oversight committee. During the pandemic, Covid-19 risks were reported at each Board meeting and the HBRR received scrutiny at Board or a committee. All Covid-19 risks are linked back to a COVID-19 HBRR entry in the Datix risk module. High scoring risks include the potential inability to secure sufficient equipment (including PPE), workforce, medicines, and capacity. New risks added to the HBRR include increased unmet health needs and financial risk if the cost of addressing the pandemic cannot be met within available funding. Other Covid-19 related risks e.g. cyber security are also subject to scrutiny.
- 28 Pre-Covid, responsibility for corporate risk management moved to the Director of Corporate Governance to better link risk to a new Board Assurance Framework (BAF) with a Head of Compliance appointed to support legislative framework development. However, given the urgent pandemic response, the BAF was not fully implemented in April as intended with extant systems continuing and clear linkage to corporate objectives embedded in the HBRR. As we previously made a recommendation about BAF implementation, we will follow-up progress next year.

A focus on quality and safety has been maintained with key assurances provided to Board and Committee.

- 29 The Board receives a monthly Covid-19 update report. As a minimum, reports cover patient safety, capacity, infection prevention and control, staff deployment and staff safety and well-being with specific discussions on issues such as PPE, surge capacity, social distancing, population need and service access.
- 30 Most of the Welsh Government guidance for quality scrutiny during the pandemic has been met through the Q&S Committee agenda. Regular assurance reporting in key areas, such as Putting Things Right, infection prevention and control and compliance with the Nurse Staffing Levels Act also continue alongside annual reporting and consideration of key reviews/actions. Where items set out in Welsh Government guidance have not been considered in detail or at Committee during the pandemic period, they have been covered either at other fora or re-scheduled on the Committee workplan. For example:
- Detail on processes such as rapid discharge and systems to assess patient harm, risk and clinical prioritisation are reviewed at Gold command; Quality Safety Assurance Group (QASAG); and the clinical ethics and reference groups, which also oversee Royal College guidance and ethical considerations. Reporting to Committee on these issues has been to provide assurance that systems have been implemented. Future reporting will need to focus on the outcomes.
 - Items not featured on the Committee's agenda between April and July include mortality reviews, clinical audit, DNACPR⁴ and triggers for clinical harm reviews. These items featured on the pre-Covid-19 work programme, but some are yet to be rescheduled for Committee scrutiny.
- 31 The Committee Chair also receives additional assurances outside committee meetings by attending Gold Command twice weekly (where quality metrics are considered as part of dashboard situational reporting); meetings with the lead executives and through weekly IM briefings. This provides timely information on issues and risks and presents opportunity for rapid escalation if necessary.
- 32 IM scrutiny is good, demonstrating understanding of the issues with discussion covering a broad range of quality considerations, including risk/harm, access to services, and population / primary health care (particularly in the Covid-19 context). Whilst the Covid-19 response has had an acute hospital focus, the Committee received updates from the Mental Health-Learning Disabilities and Primary-Community Units. Papers are adequate, but the Committee continues to seek improvements to assurance reporting as part of the wider improvement plan following its workshop in 2019.
- 33 The management led QSAG, which reports to Q&S Committee, continued to operate, receiving Q&S reports from operational units and considering the detail of

⁴ DNACPR relates to decisions about cardiopulmonary resuscitation

quality safety measures and standards. However, not all units attended to present their reports. As strengthening QSAG assurance arrangements was a previous recommendation we will assess progress more fully next year.

- 34 The Covid-19 data dashboard includes workforce productivity and safety indicators, monitored at Gold Command and reported to Board. The dashboard also enables reporting on referral rates and waiting times, proxy measures of risk to patients from routine services suspension or services not being accessed, despite public messaging. Quality impact assessments are conducted before making decisions on service changes to respond to Covid-19, and in reinstating planned care services.
- 35 Engaging with professional bodies and staff organisations is incorporated into Gold command programmes and the Board received both a staff and patient story on the impact of Covid-19. Assurance reporting has set out: the wellbeing support provided for staff; and implementation of the all-Wales Covid-19 staff risk assessment tool (described in part 3). Staff are being encouraged to complete their self-assessments, but completion rates and outcomes have yet to be reported.

While routine tracking of progress against audit recommendations was suspended attention to reviews relating to quality, safety or key controls has continued

- 36 There is a good historical system for tracking implementation of internal and external audit recommendations and actions. Tracking (and Audit Committee reporting) was deferred during the Covid-19 response, as was a review of outstanding internal audit recommendations. The Health Board reports no urgent matters requiring immediate attention and tracker reporting is due to return to the Audit Committee in September.
- 37 Audit Committee has continued to receive the findings of finalised audit reports and management responses to these are being prepared. Other reviews relevant to quality, safety or key controls have also received attention. For example, actions are progressing in relation to TAVI and KPMG findings on financial management.
- 38 In previous years we have highlighted the absence of audit tracking for recommendations arising from other inspectorate, regulatory or Royal College reviews. The Health Board had intended to address this through its broader legislative compliance development work although this has not progressed during the Covid-19 response period.

Managing financial resources

- 39 Our work considered the Health Board's financial performance, changes to financial controls during the pandemic and arrangements for monitoring and reporting financial performance.
- 40 We found that **the Health Board faces significant financial challenges, including the ongoing costs for responding to Covid-19, but it has**

strengthened aspects of financial management and maintained effective financial controls and reporting.

Achieving key financial objectives

While continuing to face a financial deficit in 2020-21 and uncertainty over continuing Covid-19 costs, the Health Board is focussed on improving its longer-term financial position

The Health Board was not able to meet its financial duties in 2019-20, ending the year with a £16.3 million deficit

- 41 The Health Board began the 2019-20 financial year with a plan to breakeven, approved in principle by the Board in March 2019. Despite this, the Health Board experienced significant operational pressures resulting in a forecast of £16.3 million deficit being reported to Welsh Government at month 10. The Health Board did not meet its statutory duty to break-even against its Revenue Resource Limit over the three years to 2019-20. The outturn position was a £16.3 million deficit for 2019-20, with a three-year rolling deficit of £58.6 million⁵.
- 42 A £22 million savings requirement was identified at the start of 2019-20, with £19 million savings achieved, of which £4.9 million was non-recurring. Savings were achieved through unit savings, cost containment and delivering efficiencies through high value opportunities (HVOs) such as £0.5 million theatre efficiencies. Some £1.1 million of savings were made through staff vacancies held against service developments. Despite these savings, significant cost pressures during the year, plus the impact of diseconomies linked to the Bridgend boundary change led to overspends.
- 43 Whilst being in Targeted Intervention⁶ since September 2016, the Health Board has operated annual planning arrangements in agreement with Welsh Government whilst working to develop an approvable three-year Integrated Medium-Term Plan (IMTP) and financial plan. Although making progress towards this aim, approved three-year plans were not in place for the period 2019-20 to 2021-22.

⁵ Historic debt will be written off by Welsh Government following recent Ministerial announcement, subject to the Health Board delivering its 2020-21 baseline financial plan and meeting its 3-year breakeven duty.

⁶ [NHS Wales Escalation and Intervention Arrangements](#)

The Health Board rebased budgets for 2020-21 and started the year with a deficit forecast of £24 million, which is likely to increase without extra funding for Covid-19 costs

- 44 The financial plan for 2020-21 and the period up to 2022-23 was shared with the Board in January 2020. It set out a forecast overspend of £24.4⁷ million for 2020-21. Some of the underpinning assumptions included inflationary/demand pressures of £35.5 million, less an uplift of Welsh Government allocation support of £21.6 million.
- 45 The 2020-21 budget was rebased following an assessment of 2019-20 income/expenditure, as opposed to rolling-over historical budget as in previous years. Budget rebasing, previously recommended by us and as part of the KPMG review, was adopted to better reflect actual staffing, activity and service provision cost, provide a more accurate and reliable forecast and bring greater clarity and accountability. However, formal accountability letters were not issued to budget holders during the height of the Covid-19 response. The Health Board also recognises some potential short-term risks. These are:
- Rebasing could be considered to reward poor performance of units overspending in 2019-20.
 - Posts which have been vacant for some time will require disestablishing.
 - The starting point for the 2020-21 outturn will be a deficit position.
- 46 The 2020-21 financial plan included an ambitious savings requirement of £22.8 million. At month 3, the Health Board had not made any savings, and revised its forecast savings delivery down to £5.4 million. This leaves a savings shortfall of £17.4 million against the 2020-21 financial plan. Additionally, the financial impact of Covid-19 sits outside of the costs included in the 2020-21 financial plan.
- 47 Welsh Government has provided £39.8 million of Covid-19 funding to date, reducing the total forecast deficit from £140 million to £100.7 million at month 3. This includes the £24.7 million baseline deficit, plus £76 million relating to Covid-19. The Health Board remains focussed on delivering its baseline plan and has not assumed any further Welsh Government funding. It is recognising the effect of reduced planned activity expenditure to offset Covid-19 costs, concentrating on minimising financial run rates and continually reviewing its forecast alongside quarterly operational planning. However, it is unlikely that the Health Board will be able to cover the ongoing Covid-19 costs without a significant increased deficit or additional funding.

The Health Board is considering its longer-term financial position with an intent to breakeven in 3 years, but its plan was developed before the outbreak of Covid-19

- 48 Although the Health Board does not have an approved IMTP, a longer-term financial plan is in place for 2020-23. It forecasts a £12.6 million deficit in 2021-22

⁷ The 2020-21 baseline deficit was revised to £24.7 million in month 3.

and a £0.8 million surplus in 2022-23. The plan is based on estimated inflationary/demand pressures, Welsh Government allocation uplifts and consistent planned savings of £24 million in 2021-22 and 2022-23. It sets out a clear ambition to break even within the next three years.

- 49 The high-level financial plan is underpinned by a three-year savings programme, which includes a pipeline of efficiency opportunities informed by the 2019 KPMG review. These forecasts are caveated with several assumptions and there are risks that inflationary/demand pressures in future years may be understated. Also, the necessary levels of savings may not be achieved, and as noted in our ISA260 report, the Health Board has a smaller cost base to make savings from following the Bridgend boundary change.
- 50 The three-year financial plan was established before the outbreak of Covid-19 and therefore will be affected by the pandemic. Savings in 2020-21 are already significantly behind, which is likely to lead to a bigger deficit in 2020-21, with a knock-on impact for achieving break-even in the next three years. We previously made recommendations about setting realistic savings targets and developing the use of costing and will follow-up further next year. However:
- The Health Board recognises that the fast-tracking of different ways of working and managing patient flow necessitated by Covid-19, presents opportunities to deliver services differently and more efficiently. This may help reduce the historic level of associated service delivery costs.
 - There is evidence that the Health Board was actioning several KPMG recommendations early in 2020 to improve the accuracy of forecasting, accelerate savings programmes and increase accountability and ownership of financial challenges across the organisation. The actions taken are discussed more fully below, although it is still too early to conclude on their effectiveness.

Financial controls

The Health Board has maintained appropriate financial controls and continued to strengthen its financial management with the challenge to quickly embed improvements

The Health Board is acting on improvement opportunities to strengthen financial management with pace of progress critical for achieving financial recovery

- 51 The KPMG review made recommendations for strengthening financial planning and management. Although the Covid-19 emergency may have limited pace⁸,

⁸ The draft KPMG action plan continues to be progressed but is due to be finalised at the September Board meeting.

actions, which reflect issues we have previously raised through our structured assessments, are being progressed. In addition to rebasing 2020-21 budgets and incorporating efficiency opportunities into savings plans, actions include:

- Establishing a Performance and Finance Management Group to strengthen accountability, set the tone for financial recovery and increase clinical leadership and ownership.
- Replacing HVOs with transforming care programmes co-developed and owned by service units.
- Creating clear savings planning documentation which can be tailored depending on the scale of savings.

- 52 The finance department is also reviewing ways of working following the 2019 CIPFA review of the finance function. Consideration is being given to how the function can best adapt and become more effective with a focus on:
- Strengthening engagement with and training for budget holders.
 - Assessing finance team capacity⁹, co-location and structure.
 - Reviewing the role of business partners in holding to account arrangements.
- 53 During our 2019-20 final accounts work we noted the efficient and timely way the finance team managed the year-end accounts work, which coincided with the peak of the Covid-19 infection. During our 2020 structured assessment, we also observed a heightened focus on financial grip and control, with continuing attention on actions to address KPMG findings at Board and committee discussions.
- 54 Insight into the actions needed to gain greater traction for longer-term financial recovery has been evident for the last two years, although changes at Director level and the Bridgend transfer had affected the pace of progress. This needs to be quickened going forward if the Health Board is to achieve its aim of breaking even in three years.

Mechanisms to record, track and verify Covid-19 expenditure have been established

- 55 At the start of the pandemic, a single cost centre was established to capture the revenue costs of purchases for readiness and preparedness for the pandemic. Finance business partners and managers instructed all requisitioners to use this cost centre when purchasing for these purposes. Subsequently, additional cost centres were set-up to capture specific Covid-19 spend, such as field hospital and community testing costs.
- 56 Unit level and indirect costs related to Covid-19 are also captured. For example, where service areas have been designated for treatment of Covid-19 patients or more expensive drugs have been issued to certain outpatients to reduce the need

⁹ We noted the limited capacity of the finance team in our 2019 structured assessment following the loss of finance staff to other health boards.

for more intensive interventions or hospital visits. There is a separate code for capital spend. These requests are authorised by the capital finance team. Spend of this nature would include ventilators and equipment for field hospitals.

- 57 Validation arrangements were established alongside the set-up of cost centres. The Covid-19 coordination centre and finance lead review a report of all requisitions daily to validate Covid-19 cost centre charges. Any queries are returned to the requisitioning officer for further explanation or adjustment before approving costs as Covid-19 related and authorising orders. However, the volume of requisitions for readiness and preparedness in early April meant ensuring a detailed review of purchases was a challenge at that time, creating a backlog of validations for a short period.
- 58 Decision logs are in place across spend areas and a monthly review process was established in month 2 to challenge and verify Covid-19 spend decisions. Decision logs for all significant purchases (i.e. over £0.75 million) are in place. However, while units are also expected to maintain decision logs, there were some gaps in these logs in the early stages of the pandemic. Also, a templated approach was not fully introduced until month 3, risking inconsistency of detail and demonstration of value-for-money consideration in earlier logs. We reviewed the decision-making record for LLandarcy field hospital equipment and found that it set out decision, intended outcome, financial consequences and approval in reasonable detail, capturing the thinking behind decision making. Internal Audit will be completing further sampling of decision logs as part of their current rapid governance review.
- 59 The Health Board has put mitigations in place for the potential risks (noted above), with for example, retrospective completion of the required decision log template where necessary and aligning unit Covid-19 cost reporting to revised Welsh Government monitoring return requirements. In addition, the Health Board has commissioned NWSSP Procurement to review all Covid-19 spend over a de-minimis threshold to provide further assurance. At the time of our report, this review had not concluded.

The Health Board has operated within existing financial controls during the Covid-19 response

- 60 There has been minimal change to core financial controls during the pandemic with existing Standing Financial Instructions (SFIs) continuing to apply. The Health Board assessed the current controls and delegated limits, concluding that current levels were sufficient to operate efficiently and responsively during the Covid-19 emergency, whilst maintaining financial governance. Specifically:
- SFIs cover procedures where tender arrangements may need to be waived (in accordance with Treasury and Welsh Government guidance). The

declarations of interest process was maintained; and only two single tender actions¹⁰ were reported to Audit Committee in the period.

- The scheme of delegations sets out agreed discretionary limits, which were considered sufficient to respond during the pandemic.
- Authorisation limits are set in Oracle¹¹ and no payment without a purchase order¹² (PO) are available and unchanged with an audit trail to evidence limits. For purchases over £75,000 costed to a Covid-19 health response code (7004), authorisation requirement is flagged within finance.
- There have been no changes or relaxation in authorised signatories.
- Payments have continued to be made through Oracle, and in line with SFI's, the Health Board reports that prepayments for Covid-19 related purchases have not been made (although some suppliers have requested this during the pandemic for items such as PPE).
- No change to goods receipting processes despite increased orders in PPE.
- Approval of locum and agency staff usage remained the same.

- 61 Unit directors have adequate delegation for most large purchases, but further approval was through Gold Command and full Board if necessary. Chair's Action was also available for any urgent decision on significant expenditure if needed, for example expenditure for field hospital set-up.
- 62 Annual accounts preparation was completed by the revised deadline of 22nd May. Our audit of the financial statements did not identify any significant issues to suggest that financial controls were weakened or bypassed.
- 63 For quarter 1 of 2020-21, the Health Board has had access to additional independent hospital beds. The commissioning of this capacity was undertaken on an All Wales basis by the Welsh Health Specialised Services Committee (WHSSC) and funded by Welsh Government.
- 64 Terms to support setting up lease arrangements for field hospitals were agreed with Local Authority partners with a formal collaboration agreement being finalised at the time of our fieldwork. In accordance with Welsh Government arrangements, funding for these costs has flowed through the Health Board to its local authority partners. The Health Board has made its expenditure records available to its partners for scrutiny. Welsh Government's Integrated Assurance Hub has recently undertaken a review of Swansea field hospitals for due diligence. This review was not complete at the time of our reporting and the Health Board will need to respond to any recommendations made.

¹⁰ Subject to further review by Internal Audit and NWSSP Procurement

¹¹ A financial management system for recording transactions, maintaining account balances and creating financial statements.

¹² A purchase order is the confirmation of an order, sent from a purchaser to a vendor authorising a purchase. The NHS normally operates a no payment without a PO policy.

- 65 During the pandemic, there has been a significant increase in charitable gifts and donations. The Health Board has applied its standards of business conduct policy and process and referred to HfMA¹³ guidance on the use of charitable funds for Covid-19. Donations received centrally have been recorded; and purchases of clothing and toiletries made via Amazon Wishlist have been relatively easy to record/receipt. The gifts and hospitality policy was applied where small donations and gifts have been received directly by units, although the increase in donations created a bigger challenge for central logging. Multiple small items received centrally has also needed consideration of distribution arrangements. In light of this experience, the Health Board intends updating its charitable funds and standards of business conduct policies.

Monitoring and reporting

Timely oversight and scrutiny of the financial position continues supported by comprehensive reporting

- 66 While the Performance and Finance (P&F) Committee was temporarily stood down during the peak of Covid-19, the Board maintained oversight and scrutiny of the financial position. The Board and Audit Committee received timely reporting for each of its meetings. Discussion has been open with good scrutiny from IMs. In addition, the Chair of the P&F Committee has met with the Director of Finance, while the Committee was stood down. Monthly P&F Committee meetings were reinstated in July.
- 67 Reporting is comprehensive with information consistent with that provided to Welsh Government through monthly monitoring returns. The reports provide a clear picture of the financial position, challenges and risks, and the mitigating actions being taken. They also include explanations of Covid-19 and non-Covid-19 expenditure and the level of savings the Health Board has been unable to make. The Board is committed to ensuring transparency and clear evidencing of spending decisions in relation to Covid-19. The Board is also benefitting from expert performance and finance advice with a special advisor to the Board appointed this year.
- 68 Operationally, financial performance has continued to be a key component of performance arrangements and subject to regular oversight at unit, senior leadership and executive team levels. During the pandemic, Covid-19 expenditure has also been included.
- 69 A Performance and Finance Management Group (referred to in paragraph 51) was established pre-Covid-19 to allow more time for senior officers to focus on the

¹³ The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare.

financial position. Membership included the CEO and all service and executive directors. However, given the urgent need to respond to the Covid-19 emergency the group was suspended but is expected to reconvene shortly. The group should provide a vehicle for senior leadership to better understand the financial position through in-depth analysis, and gain the traction needed for financial recovery.

Operational planning

- 70 Our work considered the Health Board's progress in developing and delivering quarterly operational plans to support the ongoing response to Covid-19 and to provide other essential services and functions in line with Welsh Government planning guidance. At the time of our work, the focus was on essential services with the aim of restoring normal and routine activities when safe and practicable.
- 71 We found that **operational plans are informed by data modelling, a clear commitment to stakeholder engagement, regional working and staff wellbeing with arrangements for monitoring progress and performance. However, another Covid-19 peak will present a significant workforce challenge.**

Developing the plan

Operational plans support the restart of services and recognise clinical service plan priorities with learning from the pandemic a key part of the organisation's reset and recovery

The Health Board's quarterly plans have been informed by data modelling and stakeholder engagement

- 72 The Health Board has worked well with its Board in developing quarterly plans. Both the quarter 1 and 2 plans were produced quickly and submitted to Welsh Government on time. As Welsh Government submission deadlines preceded Board meetings, both plans were formally ratified at the next Board meeting. However, the quarter 2 plan received IM scrutiny and sign off through Chair's actions prior to submission. Plans were consistent with the NHS operational planning framework and the Health Board was responsive to Welsh Government feedback.
- 73 The Health Board engaged and collaborated with stakeholders throughout the pandemic, which helped shape quarterly plans. Engagement included for example:
- Weekly briefings on key issues with the Community Health Council (CHC) and regular discussions between the Chair and CHC Chief Officer.

- Weekly meetings with local authority leaders and Chief Executives building on the well-established West Glamorgan Regional Partnership¹⁴.
 - The Stakeholder Reference Group and Accessibility Reference Group reconvened virtually from July 2020 with virtual meetings of the Regional Voluntary Sector Network continuing from May 2020.
- 74 Data modelling has been an integral part of the Health Board's situational awareness and decision-making during the pandemic. It has informed capacity/demand modelling for operational planning, with scenario testing progressing for quarters 3 and 4.

Essential services have been maintained with a prudent approach adopted for the safe restart of other services

- 75 During the pandemic, the Health Board maintained all essential services even where these were delivered differently. Clinicians have been supported to maintain outpatient services through priority face to face attendances and virtual consultations enabled by rapid digital developments such as Attend Anywhere, See on Symptoms and Consultant Connect.
- 76 The Health Board has taken a measured approach to reinstating more routine services, ensuring that patient and staff safety remains a top priority and minimising the need to step down services if another Covid-19 peak occurs. The approach has been measured with quality impact assessments to ensure reinstatement of activity is controlled and risk assessed; and co-dependencies for restarting a service considered.
- 77 A clinical advisory group provides clinical advice for the safe re-introduction of services and care of patients. A process for clinical prioritisation is in place to ensure that patients with greatest clinical need are prioritised. Social distancing and hospital zoning to separate Covid-19 and non-Covid-19 areas are in place, together with revised pre-operative arrangements.

Learning, innovation and new ways of working are informing plans and the organisation's operating model with a focus on the long-term clinical services plan

- 78 The Health Board set up an overarching Reset and Recovery Programme, with workstreams to plan service reinstatement and map the pathway and service changes needed. A recovery, learning and innovation group, established in April 2020, supports the programme. It provides oversight of the Health Board's recovery plans; and leads on the capture and application of learning from innovation and new ways of working developed during the pandemic.
- 79 The Health Board has reviewed its response to Covid-19 to date and logged all service and pathway changes with risks, benefits and lessons learnt reported to

¹⁴ During the pandemic RPB partners approved a revised governance arrangement although we have not reviewed this as part of our work.

Board. A 'Capturing Learning from Change' survey has also been launched to gather staff views and reflections about new arrangements and ways of working to be retained, pre-crisis practices now unfit for purpose and recommendations for future vision. The Health Board also intends to seek patients' views on the virtual interactions introduced to ensure accessibility and good patient experience.

- 80 The Health Board is committed to embedding positive innovation and change (not simply reverting to old practices). It is reflecting on lessons learnt in terms of processes, services and ways of working to improve its operating model. Whilst currently led through the Reset and Recovery Programme, there are clear synergies with the transformation programme work started in 2018. The Health Board will need to determine how these programmes align in the future, and interconnect with the five-year Clinical Services Plan (CSP) enabling programmes.
- 81 In responding to the pandemic and the re-start of services, the Health Board has kept the CSP principles in sight when making necessary changes to pathways and service configuration. Implementation of some elements of the CSP has been accelerated, such as development of a paediatric single point of access. Plans to centralise acute medicine are also progressing, which may help to sustain service delivery going into winter pressures and a possible second Covid-19 peak.

Resources to deliver the plan

Commitment to staff wellbeing is evident with modelling and regional solutions informing resource plans, but in the event of a second peak, staffing remains a significant risk

Regional solutions are being developed, with scenario testing informing service delivery and resource plans

- 82 The Health Board is seeking regional solutions, particularly with Hywel Dda University Health Board, building on the strong pre-existing relationship. During quarter 2, the Health Boards are considering plans for a regional field hospital, with proposals for a shared prioritisation approach across regional beds, a regional workforce model and joint services in other specialty areas. There are also discussions with other neighbouring health boards, EASC¹⁵ and WHSSC to explore specialist service and commissioning solutions. Access to these services will also be based on clinical prioritisation.
- 83 The Health Board's data modelling tool enables tracking across a range of metrics, including capacity and bed use, demand (Covid-19 and non-Covid-19), workforce and social distancing assumptions. The Health Board is clear about the impact of

¹⁵ Emergency Ambulance Service Commissioner

social distancing on productivity and resource requirements for resumed activity, such as theatres and endoscopy. The Warwick model¹⁶ has been applied to workforce analysis and the predicative data tool capabilities enable scenario modelling. These are being sense-checked against national modelling. An operational planning group is considering options particularly around capacity for future peaks and working up and test plans against various scenarios.

The Health Board has risen to Covid-19 workforce challenges, acted to support staff wellbeing and is mitigating staffing risks, although risks remain in the event of a second peak

- 84 The Health Board has, like others, faced huge workforce challenges to respond to the pandemic. For example, Covid-19 related absence saw 1,700 staff isolating or shielding. In response the Health Board has:
- Recruited more than 1,495 staff, with most employed on bank or fixed-term contracts, plus mobilisation of nursing and medical students.
 - Monitored staff absence daily via the Gold Command data dashboard.
 - Facilitated remote working to support shielding, self-isolation and social distancing.
 - Redeployed staff to support front line services or protect at-risk staff.
 - Used the silver emergency response nurse staffing cell to mobilise and deploy nurses across the Health Board.
- 85 Workforce supply and availability remains a key area of risk for the Health Board as work continues to increase the delivery of services and activity whilst preparing for any second Covid-19 peak. Contingency plans are being developed to ensure sustainable workforce planning for the future in line with the draft Workforce Strategy for Health and Social Care, but also for staffing additional beds in the event of a second Covid-19 peak.
- 86 Staffing surge and super-surge (field hospital) capacity would present a significant challenge. In line with the Health Board's Field Hospital Operational Plan, a group is exploring initiatives to mitigate this risk, stratifying the Covid-19 Emergency Levels of Care and identifying staffing levels based on clinical need. An escalation Standard Operating Procedure is in place to trigger response levels, using all available Health Board capacity as part of the initial response (core and surge) prior to using field hospital beds. The regional field hospital plan and workforce model should help mitigate staffing risks to some degree.
- 87 Staff wellbeing is a high priority for the Health Board. There has been focussed attention on protecting staff safety and in ensuring their wellbeing. The Health Board has been shortlisted for an 'Esteem' award for its wellbeing response. Initiatives included:

¹⁶ [An analytical human resource management tool](#)

- Various informal mechanisms such as ‘wobble’ and relax rooms for staff experiencing emotional distress during the peak of the pandemic.
- Buddying between executive and service directors to provide support.
- Occupational health services re-engineered to provide a seven-day a week service supporting Covid-19 triage and prioritising symptomatic staff and family members for referral to the Community Testing Unit.
- An extended wellbeing service supported by the Mental Health Psychology, Learning and Development, and Chaplaincy teams to provide virtual support to individuals and pathway services for bereavement and traumatic Covid-19 experiences for units such as critical care.
- A trauma risk management model (TRiM) to identify and respond to early signs of trauma. Funded through NHS Charities, the peer-led approach is aimed primarily at frontline staff with clinical leaders and supervisory staff trained as practitioners. Some 23 internal trainers are in place with training for key staff in critical areas in quarters 2 and 3.
- Implementing the all Wales staff risk assessment tool to identify those most at risk from Covid-19, including people from BAME backgrounds. An executive led review group is considering high risk outcomes to ensure appropriate staff protection actions.
- Encouraging staff to take their annual leave for time out to recuperate.

88 Covid-19 created a situation where staff had to work in different ways overnight. A Wellbeing and Flexible Working survey in July will provide an important organisational ‘temperature’ check and help identify ways to keep improving workforce experience, assisting the Staff Experience Team to continue the work already done as part of #ShapingSBUHB. The survey also seeks views about how the Covid-19 NHS Charities funding can be used for staff and patient welfare.

Monitoring delivery of the plan

There is good oversight and scrutiny of overall performance and operational plan delivery, with the Health Board reshaping performance reporting and developing a new performance management framework based on the quadrants of harm

89 Whilst the national performance monitoring arrangements have been largely stood down, the Health Board ensured continued oversight of performance and the behaviours of key systems including the unscheduled care, cancer and surgical systems. Reporting against the annual plan and targeted intervention performance measures has also continued. Monitoring mechanisms include:

- Executive and unit performance reviews.

- IM briefings on demand, capacity and performance.
 - Special Q&S and P&F committee meetings on essential services.
 - Monthly Board scrutiny with enhanced and transparent reporting including trajectories and the impact of Covid-19 on waiting lists.
 - A touch-point meeting with Welsh Government.
- 90 In respect of the operational plan, the Health Board reported quarter 1 performance to Board in July, against the actions and timescales identified in the plan. The report included a high-level summary of completed, on-track and off-track actions along with explanations for off-track actions and revised milestones.
- 91 Most quarter 1 actions have either been delivered or are on track, with 66% completed, 28% on track and 6% off-track. Two of the off-track actions relate to cancer services. A baseline assessment of the Health Board's essential services and a self-assessment against the cancer framework were completed to provide assurance on the status of these services.
- 92 The Health Board is prioritising the development of the quarter 3 and 4 plan which will need to:
- Include a focus on performance trajectories taking into consideration its ability to adapt and respond to fluctuations in demand.
 - Provide greater detail of how key priorities for unscheduled care/winter planning, surgical services, critical care, diagnostic services and cancer services will be addressed, building on the actions set out in earlier plans.
 - Ensure delivery of Test, Trace and Protect is supported as well as any mass vaccinations.
- 93 The Health Board has mapped key priorities over the next six to 12 months to align with the four quadrants of harm defined in the [NHS Wales Operating Framework](#) and is identifying reporting metrics. So that progress against actions receives scrutiny and assurance at the appropriate forum, each action has been mapped to a Board committee to avoid duplicate discussions and maintain clear lines of escalation and accountability. The Health Board is also developing a performance management framework based around the quadrants of harm.
- 94 The Health Board should also consider how the organisation's strategic and CSP objectives align to the quadrants of harm. We made a recommendation on determining a CSP reporting framework in 2019 and will revisit this next year.



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.