

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:

Committee Room 5, Tŷ Hywel

Meeting date: 7 March 2024

Meeting time: 09.45 – 13:00

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Hybrid

This meeting will be broadcast live on www.senedd.tv

(Private pre-meeting)

(09:30–09:45)

1 Introduction, apologies, substitutions and declarations of interest

(9:45)

2 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from Item 3 of this meeting

(9:45)

3 Audit Wales Briefing – Betsi Cadwaladr University Health Board

(9:45–10:30)

4 Evidence Session – Betsi Cadwaladr University Health Board

(10:30–12:00)

(Pages 1 – 49)

Betsi Cadwaladr University Health Board Officials

– Dyfed Edwards – Chair of Betsi Cadwaladr University Health Board



- Carol Shillabeer – Chief Executive of Betsi Cadwaladr University Health Board

Supporting Documents

- Audit Wales Briefing Paper
- Audit Wales report on Board Effectiveness Follow-up Betsi Cadwaladr University Health Board
- Betsi Cadwaladr University Health Board Response to Audit Wales report on Board Effectiveness Follow-up Betsi Cadwaladr University Health Board

Attached Documents:

PAPAC(06)-04-24-P1-Audit Wales Briefing Paper

PAPAC(06)-04-24-P2-Audit Wales report on Board Effectiveness Follow-up BCUHB

PAPAC(06)-04-24-P3-BCUHB Response to Audit Wales Report on on Board Effectiveness Follow-up

5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

(12:00)

(Break)

(12:12:10)

6 Consideration of the evidence received – Betsi Cadwaladr University Health Board

(12:10-12:30)

7 Forward Work Programme

(12:30-13:00)

(Pages 50 – 83)

Supporting Documents

- Forward Work Programme
- Audit Wales Report: From Firefighting to Future-proofing – the Challenge for Welsh Public Services

Attached Documents:

Forward Work Programme – July 2024

PAPAC(06)-04-24-P4-Audit Wales Report – The Challenge for Welsh Public Services

Document is Restricted

Board Effectiveness Follow-up – Betsi Cadwaladr University Health Board

Audit year: 2023

Date issued: February 2024

Document reference: 3766A2023

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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.

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Summary report

Background

- 1 In February 2023 the Auditor General for Wales published a report in the public interest on the effectiveness of the board at Betsi Cadwaladr University Health Board. The report described a worrying degree of dysfunctionality within the board and wider senior leadership of the organisation. The Auditor General concluded that collectively the concerns identified were fundamentally compromising the ability of the board to work effectively and in an integrated manner to address the significant challenges the Health Board faces. He also concluded that the situation was unlikely to be rectified without some form of external intervention.
- 2 The Auditor General's report highlighted:
 - clear and deep-seated factions within the Executive Team and, to an extent, the wider board;
 - concerns about Executive Team's grip on operational challenges and quality of assurances that were being provided to the board and its committees;
 - an erosion of trust and confidence that the Independent Members had in the Executive Team;
 - examples of very challenging public scrutiny of the executive by some Independent Members which adversely affected working relationships and functionality within the board;
 - a need to respond to and resolve the issues identified in a large number of whistleblowing disclosures that related to business processes and the behaviour of some of the then senior leaders of the Health Board;
 - a failure of previous board development work to secure more collegiate and unitary working within the board; and
 - pace of change and sustained improvement being affected by turnover, portfolio changes and a continued over-reliance on interim roles to cover key posts in the management structure.

The Auditor General's report on board effectiveness set out a number of areas for immediate action to resolve some of the key issues highlighted.

- 3 The week following the publication of the Auditor General's report on board effectiveness saw the Health Board placed back in special measures, and the resignation of all the board's Independent Members. Some 12 months on from these developments, this report sets out the findings of follow up work undertaken by the Auditor General. Recognising that the make-up of the board has fundamentally changed, our follow up work seeks to provide an up-to-date commentary on the effectiveness of the current board and the extent to which the areas for immediate action identified in our original report have been addressed. The fieldwork that informs the findings in this report was undertaken between late October and early December 2023.

Key findings

- 4 Overall, we found that **following a period of significant disruption and churn during 2023, the board is now in a more stable position. There is a new substantive Chief Executive in post, the dysfunctionality within the board described in our previous report is no longer evident and working relationships amongst senior leaders are more positive in overall terms.**
- 5 **However, some fundamental challenges still remain in the context of an organisation that is in special measures. Substantive appointments to the board need to be completed as quickly as possible to bring the board up to full capacity. Work must continue to build a united and effective Executive Team, to resolve the on-going personnel issues in the Finance Department, and to strengthen corporate governance leadership arrangements within the organisation. These activities need to be supported by continued progress with a board development programme that builds a cohesive and unified board that supports a positive organisational culture by setting the right “tone from the top”.**
- 6 The findings underpinning these overall messages are summarised below under the following headings which align to the areas for immediate action identified in our February 2023 report:
 - responding to independent reviews and investigations;
 - rebuilding and strengthening senior leadership capacity; and
 - building a more cohesive and effective board and executive team.
- 7 Our concluding comments at the end of the report highlight the immediate priorities and on-going risks that the Health Board needs to manage as it moves forward.

Detailed report

Responding to independent reviews and investigations

- 8 Our review considered the extent that the Health Board effectively responded to findings of independent reviews and investigations. We considered whether the Health Board:
- adopted a pragmatic and effective approach to respond to the findings of the reviews of protected disclosures (whistleblowing);
 - responded effectively to the specific issues which affected the accounts opinion in 2021-22 and which led to the subsequent EY review and the qualified opinion in 2022-23; and
 - responded effectively to reviews undertaken as part of special measures, where the findings relate to board effectiveness (as part of this we considered the extent of board oversight of the Health Board's response to the reviews).
- 9 We found that **whilst the Health Board has made progress in responding to independent reports and recommendations, for a variety of reasons this has been slower than intended and there is scope to strengthen oversight in some areas.**

Reviews of protected disclosures

- 10 As reported in our original review, during November and December 2022 a significant number of disclosures emanated from within the Health Board raising various concerns about business processes and the behaviour of some senior leaders within the organisation. In response, the Welsh Government commissioned independent reviews to investigate the concerns. These have been concluded and the findings considered by both the Welsh Government (in respect of concerns raised about previous Independent Members) and the Health Board (in respect of concerns raised about previous members of the Executive Team and other senior officers). Debrief sessions have been held with each of the current Executive Directors to share the findings from the reviews, and feedback provided to those who made the disclosures where their identity is known.
- 11 The issues identified by the independent reviews have partly been addressed through numerous changes to board membership in relation to both Independent Members and members of the Executive Team. Additional reviews undertaken as part of the escalation to special measures have also prompted improvements in specific areas, including processes for appointing interim senior staff on high-cost agency rates, as well as feeding into development programmes for the board and the Executive Team.
- 12 The above actions should enable the Health Board to move forward on the specific issues raised within the disclosures in 2022. However, in our view there is also a

need for the new board to set aside time as part of its board development to properly consider and reflect upon the findings from the independent reviews, and to ensure that lessons are learnt to help prevent similar circumstances occurring again. This should be part of the work that the board has already instigated on culture and compassionate leadership.

Responses to issues identified by the audits of accounts and EY

- 13 The Health Board is responding to the issues identified in our audits of the 2021-22 and 2022-23 accounts, as well as those identified in the EY review. The issues highlighted included errors within accounts and a need for better training and strengthened financial controls, particularly in relation to contract management. Progress in addressing these issues has been slower than intended, although the Health Board has asked its Internal Audit service to undertake a review of procurement and contract management, the findings from which were being finalised at the time of writing this report. There is also scope for the board's committees to receive fuller information on these matters to aid oversight and provide assurance that all required improvements are addressed. Three senior members of the Health Board's Finance team remain suspended pending conclusion of the internal investigations that followed the EY review. The impact of this on the Finance Team is considered in a separate section later in this report.

Response to special measures

- 14 The Health Board was placed back into special measures in February 2023. The Welsh Government's special measures framework was presented to the new board at the end of March 2023. The framework is based around a number of themes, starting with "discovery", and moving to "stabilisation" which would conclude at the end of February 2024, and then beyond that into phases of "standardisation" and ultimately "sustainability". As part of the discovery phase, the special measures framework incorporates independent reviews and other work in the following areas:
- Mental Health Inpatient Safety
 - Executive Portfolios
 - Use and recruitment of 'Interim' Staff
 - Planning
 - Patient Safety
 - Clinical Governance systems
 - Stocktake review of progress against previous Mental Health Reviews
 - Review of Office of the Board Secretary
 - Vascular review.
- 15 Although the board received the Welsh Government's framework in March 2023, at the time of the appointment of a new interim Chief Executive in May 2023, no special measures response plan was in place. This delay was due to uncertainties

in leadership arrangements at the time of escalation, especially regarding Accountable Officer responsibilities, as the previous interim Chief Executive was on sick leave. Once the new interim Chief Executive was in place the situation was quickly rectified with a special measures response plan in place by the end of May 2023. The plan is organised into three 90-day cycles from June 2023 through to the end of February 2024, and contains five clear outcomes including a well-functioning board.

- 16 The Health Board has assigned responsibility for operational oversight of delivery of the special measures response plan to the Executive Team and the Programme Management Office, and there is regular reporting to the board and its committees. The Health Board has grouped its actions and responses to the special measures plan and the individual reviews undertaken as part of the special measures framework under a number of themes¹. This thematic analysis is helpful and necessary. However, it is important the Health Board also monitors and reports on the progress being made in addressing the more specific actions identified within individual reviews to prevent the risk of key actions being lost when consolidated into broader improvement themes.
- 17 The Health Board also needs to have a clearer way of describing progress within the special measures update papers provided to the board and committees. Narrative on progress prepared by Programme Management Office needs to be better aligned with the overall RAG rating provided by the Executive Lead. As part of this, the Health Board needs to ensure common understanding of its RAG rating process to avoid giving the impression that outcomes have been achieved when in practice there is still much work to be done.
- 18 Whilst good overall progress has been made in delivering actions set out in the special measure response plan, there has also been some slippage. This reflects some over-ambition on the part of the Health Board in setting the original milestones (in the context of an organisation looking to stabilise itself), and some delays in receiving a number of reviews that were commissioned as part of the discovery phase of special measures.

Rebuilding and strengthening senior leadership capacity

- 19 Our work examined the actions that have been taken to rebuild and strengthen senior leadership capacity within the Health Board with a particular focus on:
 - the timely recruitment of a substantive Chief Executive Officer;

¹ There are seven themes within the special measures response plan, namely: Data, intelligence and insight; Culture; Risk Management; Patient, Family, Carer Involvement; Operating model; Organisation Governance and compliance; and Integrated planning.

- the action taken to reduce reliance on interim appointments in senior roles; and
- a need to bolster senior staff capacity within the Finance team to ensure business continuity.

20 We found that **important progress has been made in stabilising the Health Board’s senior leadership arrangements via the recruitment of a substantive Chief Executive. Progress has also been made in reducing reliance on interim arrangements to fill senior roles, although further work is still needed in this space. This is particularly the case in the Finance Team which has been significantly disrupted following the continued suspension of three senior members of that team. The Health Board also needs to move quickly to strengthen the leadership of its corporate governance arrangements.**

Recruitment of a substantive Chief Executive

21 The Health Board’s initial attempts to recruit a substantive Chief Executive earlier in 2023 were not successful and a new interim Chief Executive was appointed in May 2023. In November 2023, the Health Board announced that the interim post holder had been successful in securing the substantive Chief Executive role following an open recruitment process, with the role commencing in early January 2024. This is a key step forward for the Health Board which should help stabilise organisational leadership, particularly in respect of the Executive Team. The fact that the substantive Chief Executive has already had a period in post in an interim capacity will assist with continuity and means that the post holder will have already built up an understanding of the specific issues and challenges facing the Health Board.

Reducing reliance on interim appointments to senior roles

- 22 Our follow-up work found that the Health Board has made progress in reducing its reliance on interim roles in response to concerns raised in our previous audit work and the special measures review on use of interim managers.
- 23 Controls around the use of senior interim appointments have been strengthened, with evidence of better governance of establishment control and proper impact assessment for all requests to extend the tenure of senior interim roles. There is also evidence of better oversight of the use of interim roles by the Remuneration Committee. In addition, several people in interim roles who were paid on an agency rate basis have been moved to temporary NHS contracts which should help secure better value for money.
- 24 These are positive and necessary developments. However, some caution is needed when interpreting quoted reductions in the use of interim staff as there has been some re-classification of interims into “acting” roles. While it is technically accurate to refer to such staff in this way, it does not reduce the reliance on temporary staffing solutions. It is acknowledged, however, that in taking forward

longer-term plans to reduce reliance on interim roles, the Health Board will need adopt a managed approach to avoid de-stabilising key functions.

- 25 More broadly, the general direction of travel in respect of having less reliance on interim arrangements to cover senior leadership roles needs to continue. At the time of our fieldwork the role of Executive Director of Therapies and Health Sciences, the Executive Director of Workforce, the Executive Director of Operations, the Executive Director of Finance, and the Board Secretary were all being covered by interim or acting up arrangements.
- 26 The need to move away from having interim Board Secretary arrangements and recruit a substantive Director of Governance is a particular priority for the Health Board noting the immediate challenges that exist around the rebuilding of the board and some of the key governance arrangements that underpin it, including the reinstatement of a full committee structure below the board. We noted that at the time of our fieldwork the Health Board was running a recruitment campaign for a substantive Director of Corporate Governance.

Capacity of the finance team

- 27 The ongoing investigations into the financial irregularities identified by Audit Wales and the EY review have inevitably had a disruptive effect on the finance team and have resulted in a reliance on interim appointments and temporary staffing arrangements. There has been churn in the team leadership with two interim Executive Directors of Finance and a need to support interim and temporary staff to get up to speed quickly. Staff resource has been moved into the team from elsewhere in the Health Board, but this has left resultant gaps in the roles they moved from which have needed to be filled.
- 28 The investigations in respect of the suspended staff have proved to be complicated processes and are still on-going some 12 months after the staff were originally suspended. A number of policies relating to Respect and Resolution², Raising Concerns and Disciplinary Processes have needed to be activated which have collectively contributed to the elongated timescales. We understand that the Health Board is progressing the disciplinary investigations where it can, and that a further extension to the interim Executive Director of Finance's contract has been secured to the end of June 2024 to cover the completion of the 2023-24 accounts.

Building a more cohesive and effective board and executive team

- 29 Our work considered the risks, challenges and progress made in relation to the operation of the Board and its committees since we published the Board

² Respect and Resolution processes seek to secure constructive and lasting solutions to workplace disagreements, conflicts and complaints.

Effectiveness review in February 2023, as well as the extent to which the issues we previously identified in relation to the executive team are being addressed. In examining these areas, we considered whether:

- the Health Board is taking action to ensure Independent Member capacity is sufficient to adequately discharge the board's functions;
- the quality of assurance provided to the board and its committees is improving and the scrutiny provided by Independent Members is appropriate and improvement-focussed and based on an agreed position on organisational risk;
- the Executive Team is functioning in a more cohesive and effective manner;
- progress has been made in building positive working relationships between new Independent Members and the Executive Team; and
- board development work has been undertaken to help support the concept of a cohesive and unitary board.

30 We found that **from a difficult position in February, the board and committee arrangements have steadily improved although there is much more to do which includes re-establishing a full set of committees below the board and improving the quality of assurances provided in board and committee papers. The factions we observed in the Executive Team during our original review are much less evident. This provides a basis for the further work required to build a cohesive Executive Team that is united around a common purpose and appropriately connected to other operational leadership structures in the Health Board.**

Rebuilding Independent Member capacity

31 At the end of February 2023, the Chair, Vice Chair, and all the board's Independent Members agreed to step aside following the escalation to special measures. The Minister made a number of immediate direct appointments in the form of a new interim Chair along with three other temporary Independent Members.

32 The immediate departure of the whole cadre of the board's Independent Members inevitably created a significant degree of instability within the board and left it having to operate with an absolute minimum of Independent Members that were new to the organisation, and no Vice Chair. Action has been taken throughout the remainder of 2023 to slowly rebuild Independent Member capacity on the board. Recent substantive Independent Member appointments have included that of a Vice Chair and there are on-going processes to move from temporary to substantive appointments, including that of the Chair.

33 There was little or no induction for the directly appointed temporary Independent Members when they first took up their posts. This made an already difficult task even more challenging especially as not all of the appointees had an NHS background and had to quickly get to grips with a complex organisation in a state of significant disruption, facing a number of specific challenges and concerns about

the quality of several of its services. We understand that the Health Board has since moved to strengthen the arrangements for induction of new Independent Members.

- 34 Having to operate with a significantly reduced number of Independent Members has had a clear impact on the operation of the board's committees. The Partnerships People and Population Health (PPPH) and Mental Health and Capacity Compliance (MHCC) committees were stood down and their business subsumed into that of the remaining committees and the board. While our analysis found the has board continued to discharge its statutory requirements, the consequence of having fewer Independent Members has been less committee oversight and scrutiny on important business aspects such as planning, population health, workforce issues and aspects of mental health services. At the time of preparing this report the PPPH and MHCC committees were still stood down. We understand that once Independent Member recruitment is complete and the board is at full complement, the Health Board will implement a revised committee structure, which the board agreed in September 2023.
- 35 In the context of the challenges described above and the scale of the change within the board that took place in late February 2023, it is important to acknowledge the role that the interim Chair and the directly appointed Independent Members played in maintaining the core business of the board.

Quality of scrutiny and assurance

- 36 Our February 2023 report highlighted concerns around the quality of the assurances provided to the board and its committees by officers. Our follow up work has seen some improvement but also a recognition by the Health Board that this is still an area for attention which will need to be a key priority for the new Director of Corporate Governance, working with all board members. In particular, some papers submitted to the board and its committees are too long and need to present a clearer and more concise picture of the issue in question, what is being done about the issue, what impact actions are having and what are the risks to improvement.
- 37 We previously reported that an important development for the Health Board will be ensuring that the Executive Team has the necessary ownership and oversight of the assurances that are provided to the board and its committees. This will include ensuring that the right officers attend to present items and that they are fully briefed on the topic being discussed. We have observed occasional recent examples where this has not been the case.
- 38 Our February 2023 report also drew attention to examples of overly robust and adversarial scrutiny of some officers by some Independent Members that was affecting the board's functionality and its ability to work in a cohesive and collective manner. It is positive to note that such behaviours are no longer present and that the style of scrutiny by the current Independent Members is creating a "safer space" to encourage a more open debate at board and committee meetings. The

move from virtual to face to face meetings has also been a factor in helping to build more positive working relationships within the board, as has work within the new board to develop an agreed approach to risk appetite and tolerance, supported by a clearer focus on standards.

- 39 The more positive environment that is now evident within the board and its committees should allow the new Independent Members to continue to develop in their role and to challenge appropriately but constructively when they need to. An important part of this is to ensure they quickly build up a good understanding of the Health Board's risks and challenges, noting that a lot of "corporate memory" was lost as a result of all the previous Independent Members standing down at the same time.
- 40 Particular challenges have been evident in ensuring adequate assurance, oversight and triangulation of information within the Quality, Safety and Experience Committee. This reflects the large volume of issues this Committee has to cover, the quality of assurances, and the fact that the Health Board is looking to replace "walkarounds" by individual Independent Members with "service visits" by all members of the board to learn more about how specific services are running.

Board development

- 41 With the immediate challenges of stabilising the organisation and rebuilding Independent Member capacity, it is perhaps not surprising that our follow up work noted limited progress in implementing a programme of board development activity that focuses on the development of the board as a "unitary team". However, the board has held several development sessions which have included discussions on the role of a unitary board and on risk management. A forward programme of board development activity was being prepared at the time of our fieldwork. This will need to be informed by an analysis of the skills and experiences across the new Independent Member cadre and linked to any wider work that is considering the make-up of the board's committees.

Cohesiveness of the Executive Team and wider senior leadership arrangements

- 42 There have been changes to the Executive Team make-up since our original review and the factionalised working relationships we described in our previous work are much less evident. We understand that Executive Team meetings are more effective with more constructive debate and better attendance.
- 43 However, there are still issues that need to be addressed, and which were contingent on the appointment of a substantive Chief Executive. These centre around responding to the review of executive portfolios undertaken as part of the special measures framework to ensure the executive team has the necessary breadth of skills and experience to meet the organisation's current and future challenges, moving away from long term reliance on interim roles, filling remaining

vacancies and having clear lines of accountability and responsibility within the team, linked to the Health Board's operating model.

- 44 Depending on the direction the new Chief Executive takes in response to the special measures review of executive portfolios, there may be a need to blend new roles such as a Director of Operations into the substantive team structure. The interim leadership arrangements that have operated since May 2023 have included the creation of an interim Executive Director of Operations post in August 2023. Our follow up work noted the need for greater clarity in respect of how the responsibilities for this post interface with others in the Executive Team. It will be important to reflect on these experiences as part of the onward development of the Executive Team.
- 45 There is also a need to consider how the Executive Team interfaces with the leadership roles that sit below it, most notably the Integrated Health Community (IHC) Directors but also with the leadership for its pan-North Wales services³. In particular, during the follow up review, it was apparent that there have been some tensions resulting from the IHC Directors feeling marginalised following changes to operational governance arrangements and decision-making processes, especially in respect of meeting the Health Board's financial challenges. We understand that these issues are being worked through constructively. As part of that, it will be important that the Health Board further develops a model of collective senior operational leadership that is understood and bought into, and which incorporates good clinical leadership and engagement within clearly defined accountabilities and responsibilities.

Concluding comments and on-going issues that need to be managed

- 46 The concerns we set out in our February 2023 report on board effectiveness at Betsi Cadwaladr University Health Board were significant and extremely worrying. They described a degree of dysfunctionality within senior leadership arrangements hitherto unseen at the Health Board, or in any other NHS body in Wales.
- 47 It is therefore positive that this high-level follow-up report is able to conclude that the significant dysfunction we previously described is no longer present and that with refreshed senior leadership in place, the board has the opportunity to regenerate itself and lead the organisation through the challenges it continues to face.
- 48 However, significant challenges remain which will need energetic, focused, resilient and brave leadership to address. There is an immediate need to continue, and to conclude the work aimed at stabilising the board and the wider senior leadership of

³ The Health Board's Pan-North Wales services include Women's Services and Mental Health and Learning Disability Services.

the organisation. That includes getting to a position where the board has a full complement of substantive Executive Directors and Independent Members, and with a substantive Chair in place. Linked to this is the urgent need to re-establish a committee structure below the board that provides the necessary oversight, scrutiny, and support across all aspects of the organisation's business.

- 49 The raft of disclosures that were received towards the end of 2022 should be used to inform the programme of board development that the new board will need to put in place. In particular, it should inform the work that is underway on organisational culture and compassionate leadership, and ensure that this starts with the right 'tone from the top'.
- 50 A key priority for the new Chief Executive will be to build a stable, cohesive, and appropriately skilled Executive Team that can provide the organisation with the operational leadership it needs. This will include settling on the right mix of Executive Director portfolios, reducing reliance on interim arrangements for senior leadership roles, and building leadership capacity and capability for the Health Board's corporate governance arrangements. The Executive Team must also be appropriately connected to the leadership structures that sit below it, something which will need to be supported by ensuring the Health Board's operational model is fit for purpose.
- 51 As the new board looks to take forward these challenges it will need to maintain a clear view on the outcomes it is seeking to achieve. Those must include rebuilding confidence in the Health Board's leadership within the organisation, and rebuilding trust and confidence in the Health Board amongst its external stakeholders.
- 52 In the short term, the Health Board will likely need to continue to draw upon appropriate levels of external advice and expertise as it responds to these challenges and the requirements of the special measures framework. However, it must also look to get itself as quickly as possible to a position where it has the necessary internal capacity and capability to sustain improvement and avoid the need to continually look to the outside for support to achieve the improvements which are necessary.

Appendix 1

Audit methods

The table below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from these methods.

Element of audit approach	Description
Observations	We observed board meetings as well as meetings of the following committees: <ul style="list-style-type: none">• Board meeting on 28th September and 30th November 2023;• Quality, Safety and Experience Committee 27th October 2023;• Performance, Finance and Information Governance Committee 2nd November 2023; and• Audit Committee, 16th November 2023
Interviews	We interviewed the following Senior Officers and Independent Members: <ul style="list-style-type: none">• Dyfed Edwards (Interim Chairman);• Gareth Williams (Vice Chair and Chair of Performance, Finance and Information Governance Committee); and• Karen Balmer (Chair of Audit Committee)

Element of audit approach	Description
	<ul style="list-style-type: none"> • Rhian Watcyn Jones (Chair of Quality, Safety and Experience Committee); • Dyfed Wyn Jones (Independent Member); • Mike Larvin (Independent Member); • Jane Wild (Associate Member); • Clare Budden (Independent Member); • Fon Roberts (Associate Member); • Carol Shillabeer (Chief Executive Officer); • Chris Stockport (Executive Director Transformation, Strategic Planning and Commissioning); • Gareth Evans (Acting executive Director of Therapies and Health Sciences); • Teresa Owen (Executive Director of Public Health); • Nick Lyons (Executive Medical Director); • Adele Gittoes (Interim Executive Director of Operations); • Angela Wood (Executive Director of Nursing and Midwifery); • Phil Meakin (Acting Board Secretary); • Russell Caldicott (Interim Director of Finance); • Jason Brannan (Acting Director of Workforce and OD); • Michelle Green (Integrated Healthcare Community Director East); • Libby Ryan Davies (Integrated Healthcare Community Director Central); • Ffion Johnstone (Integrated Healthcare Community Director West); • Ian Wilkie (Mental Health Director); and • Dylan Roberts (Director of Digital)

Element of audit approach	Description
Documents	<p>We reviewed a range of documents, including:</p> <ul style="list-style-type: none">• Special measures updates;• Board and committee papers;• Reviews undertaken as part of special measures first 90-day cycle;• Papers relating to use of interims;• Response to independent reviews;• Board development draft plans; and• Executive development draft plans.



Audit Wales

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



Bwrdd Iechyd Prifysgol
Betsi Cadwaladr
University Health Board

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David Thomas,
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Audit Wales

Sent by email - [REDACTED]
A hard copy will not follow

Ein cyf / Our ref: CS/DT/CE24-0265

☎: [REDACTED]

Gofynnwch am / Ask for: [REDACTED]

E-bost / Email: [REDACTED]

Dyddiad / Date: 26th February 2024

Dear Dave,

RE: BCUHB Board Effectiveness Follow-Up Report

Thank you for your work in reviewing and reporting on the effectiveness of the Board in your recent follow-up report

Please find below the Health Board's response to Audit Wales' *Board Effectiveness Follow up Betsi Cadwaladr University Health Board* at annex 1.

It is essential that the Health Board has robust arrangements in place to meet the requirements of legislation and the Standing Orders and therefore we welcome this report and want to thank Audit Wales for the findings and the recommendations. We agree fully that there is much more to do and it is encouraging to know that you have assessed the Board as more stable, with stronger leadership and engagement evident.

The full Board as well as the Audit Committee have seen and been involved in shaping the feedback to improve ownership and assurance on the required improvements.

Our focus now is on our forward plan to look to the future and have a real positive impact on our organisation, our staff and the people of North Wales.

Yours faithfully,

Dyfed Edwards,
Cadeirydd/Chair

Carol Shillabeer
Prif Weithredwr/Chief Executive

Annex 1 - Response to Audit Wales Review of Board Effectiveness

No.	Conclusion	Response
1.	Significant challenges remain which will need energetic, focused, resilient and brave leadership to address. There is an immediate need to continue, and to conclude the work aimed at stabilising the board and the wider senior leadership of the organisation. That includes getting to a position where the board has a full complement of substantive Executive Directors and Independent Members, and with a substantive Chair in place. Linked to this is the urgent need to re-establish a committee structure below the board that provides the necessary oversight, scrutiny, and support across all aspects of the organisation's business.	<p>A) Independent member recruitment is underway. it is anticipated that full recruitment could be achieved by March 2024.</p> <p>B) An Executive Director Recruitment Programme starts in earnest during Quarter 1 2024.</p> <p>C) The Committee structure will be fully established during Q4 of 2023/24. New Committees have completed their set-up meetings during January 2023, and development sessions are being planned for February and March 2024 in order to assist fully operational Committees for 2024/25.</p> <p>D) A focus on strengthening the approach to reporting(including standards of reports) will be undertaken in Q1 2024/25</p>
2.	The raft of disclosures that were received towards the end of 2022 should be used to inform the programme of board development that the new board will need to put in place. In particular, it should inform the work that is underway on organisational culture and compassionate leadership, and ensure that this starts with the right "tone from the top".	<p>A) The Board will be actively engaged in the Compassionate Leadership development following the Board Day with Michael west in Dec 2023.</p> <p>B) A Board 'Team-Development' approach will be determined during Quarter 1 of 2024/25 as new Board members join.</p> <p>C) The Chair and CEO will take personal leadership roles in steering organisational development through leading the people and Culture Committee (Chair) and the Organisational Development Steering Group (CEO).</p>
3.	A key priority for the new Chief Executive will be to build a stable, cohesive, and appropriately skilled Executive Team that can provide the organisation with the operational leadership it needs. This will include settling on the right mix of Executive Director portfolios, reducing reliance on interim arrangements for senior leadership roles, and building leadership capacity and capability for the Health Board's corporate governance arrangements. The Executive Team must also be appropriately connected to the	<p>A) The Executive Portfolio Review, as well as other sources of evidence, have provide insight that shapes the form and function of the Executive Team. Quarter 4 will see a revised approach proposed and following engagement and any necessary modification, actively implemented including recruitment into vacant posts.</p> <p>B) The Director of Corporate Governance role has been recruited and a commencement date likely ahead of the new financial year. This appointment should provide leadership capacity and capability required to strengthen corporate governance across the organisation.</p>

	leadership structures that sit below it, something which will need to be supported by ensuring the Health Board's operational model is fit for purpose	C) A review of the Operating Model Structures is part of the Special Measures Response Plan, which will indicate where modification is required. Wider ways of working that connect the Executive with broader leadership will be further evaluated as part of this work.
4.	As the new board looks to take forward these challenges it will need to maintain a clear view on the outcomes it is seeking to achieve. Those must include rebuilding confidence in the Health Board's leadership within the organisation, and rebuilding trust and confidence in the Health Board amongst its external stakeholders	<p>A) An outcomes focused approach has been set within the Special measures Response Plan and as the planning for 2024/25 and beyond proceeds, outcomes will form a key element of objective setting, performance monitoring and assurance mechanisms.</p> <p>B) In addition to internal staff surveys that measure confidence in leadership and management, consideration will be given to mechanisms to gain external, stakeholder feedback ahead of 2024/25.</p>
5.	In the short term, the Health Board will likely need to continue to draw upon appropriate levels of external advice and expertise as it responds to these challenges and the requirements of the special measures framework. However, it must also look to get itself as quickly as possible to a position where it has the necessary internal capacity and capability to sustain improvement and avoid the need to continually look to the outside for support to achieve the improvements which are necessary.	A) As part of creating the Organisational Development Plan, a capacity and capability assessment will be undertaken, to reflect where specific expertise will be required. The implementation of the OD Plan will be incorporated into the 2024/27 3 Year Plan (IMTP).

Agenda Item 7

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

From Firefighting to Future-proofing – the Challenge for Welsh Public Services

February 2024

The Auditor General for Wales has prepared this document under his supplementary powers provided by section 9 of the Public Audit (Wales) Act 2013. It draws on material and matters arising from the exercise of his main audit functions, such as those provided by the Government of Wales Act 2006 and the Public Audit (Wales) Act 2004.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Introduction

- 1 As Auditor General, I am entirely independent of government. I am also in the privileged position of being the external auditor of most of the devolved Welsh public sector. Though public bodies must make their own decisions about how they manage their affairs, audit work provides early warning of problems arising, highlights opportunities for improving value for money, and supports good governance and financial management.
- 2 Welsh public services face enormous financial, demand and workforce pressures. Taking this as my starting point, this article draws on the work of Audit Wales to reflect on the way our public bodies are governed and managed, the importance of minimising losses through fraud and error, the complexity of the public service landscape, and challenges around workforce capacity, digital transformation, and planning for the long term. It emphasises too the need more than ever to ensure value for money in public spending.
- 3 Our work shows that by addressing these themes, government and public organisations could achieve more with what they already spend. Quite how much will depend on the extent to which bodies prioritise the issues I identify. I am convinced, however, that they would amount to a material contribution to the financial challenge faced by our public services. They are also essential if we are to see a shift from relentless firefighting of today's immediate challenges to the delivery of sustainable public services that are fit for the future.



Adrian Crompton

Auditor General for
Wales

The financial outlook for public services

Welsh Government budget pressures in 2023-24

- 4 This year has seen high inflation erode the Welsh Government's spending power. Public sector pay rises have been a significant factor. Construction price inflation and higher interest rates have hit capital programmes for infrastructure investment. Higher demands, including pent-up demand from the pandemic and widening inequality, are adding to the pressure on many frontline services.
- 5 In response, the Welsh Government has identified savings across departmental budgets, acknowledging that some of these have likely negative impacts¹. It has also drawn on its reserves, planned for use of consequential funding expected from the UK government, and requested a switch in funding from capital to revenue.
- 6 While these steps may ease some immediate pressures, they are unlikely to be a sustainable strategy for managing expenditure over the longer term.

Looking to 2024-25 and beyond

- 7 The Welsh Government's draft 2024-25 budget allocates £26.4 billion, up from £25.2 billion in 2023-24².
- 8 In real terms, day-to-day revenue funding is 0.4% higher than this financial year. The capital budget is 1.7% higher. In October 2023, the Welsh Government swapped some of its capital spending to revenue. Without that swap, there would have been a real-terms reduction to capital in the 2024-25 budget and a larger increase in revenue.

1 Welsh Government, [Update on 2023-2024 financial position: summary of main changes](#), October 2023

2 Welsh Government, [Welsh Government draft budget 2024-25](#), December 2023. The figure for 2023-24 reflects the changes made by the Welsh Government on 17 October 2023.

- 9 Beneath the headline figures, the draft 2024-25 budget indicates:
- an 8% real-terms increase to the health and social care revenue budget³ compared to the budget originally set for 2023-24. The budget statement in October allocated an additional £425 million to the NHS in 2023-24. Compared to that revised position, the real-terms increase is 2.6%.
 - other than health and social care, every Welsh Government main expenditure group budget sees a real-terms decrease in revenue compared to the October reset position for 2023-24.
 - within the budget for finance and local government, we calculate the Welsh Government has increased core funding to local authorities by 1.4% in real terms.
 - the rural affairs budget sees the largest real-terms revenue cut, falling by 10.5% compared to the October reset position for 2023-24.
- 10 Indicative UK Government plans beyond 2024-25 point to continued constraint. However, the position for Wales will depend on whether the UK Government stays on the same course after the general election and how its spending priorities affect the Welsh Government's budget through the Barnett formula.

The picture across the sectors we audit

- 11 Financial pressures affect all organisations involved in public service delivery, including our further and higher education institutions and the third sector. My remit provides me with a closer view of the impacts for the organisations whose accounts I audit across the NHS and local government, and in central government.

3 The health and social care allocation does not include the vast majority of funding for social care, which the Welsh Government allocates separately through the core funding for local government.

The NHS

- 12 The NHS is the largest single area of spending, accounting for more than half of the Welsh Government's revenue budget. Nevertheless, I have noted previously that spending on health in Wales relative to England has never matched the higher levels of need in Wales, nor the higher levels of funding Wales receives to support devolved services.
- 13 The NHS faces significant cost and demand pressures, including from a growing population of older people, medical advances and waiting list backlogs that were worsened by the pandemic. At the end of 2022-23, six of the seven health boards failed to meet their statutory duty to break even over a three-year period. The overall picture across NHS Wales was a £150 million deficit, compared with a £47 million deficit in 2021-22. Our NHS finances data tool provides more detail⁴.
- 14 In October 2023, the Welsh Government allocated an additional £425 million to help manage in-year pressures. However, the current in-year picture points to there still being a deficit in 2023-24, with six of the seven health boards working to 'controlled' year-end deficits that total £123 million. Their forecasts indicate that even achieving those control totals will be very challenging, and for some unlikely.
- 15 The situation has prompted a renewed national focus on efficiencies, value and sustainability with an expectation that financial opportunities identified by national workstreams will be delivered locally by NHS bodies. The extent to which this will happen remains to be seen. Recent years show a mixed picture of success in delivering against savings plan targets.
- 16 Despite a real-terms budget increase for 2024-25, without sustained improvement in productivity the NHS will struggle to make significant progress in key areas such as tackling waiting list backlogs. A particular challenge will be access to capital funding to secure necessary improvements to the NHS estate. Data from NHS Wales Shared Services Partnership recorded a total backlog maintenance figure of £793 million across all NHS bodies in 2022-23.

4 Audit Wales, [NHS Wales Finances Data Tool](#), updated September 2023 for data to 31 March 2023

Local government

- 17 For over a decade, we have pointed to the growing pressures in local government. Some service areas have experienced significant real-terms funding reductions already over that period, while long-standing trends in demand in areas such as social care and housing have exacerbated the funding position.
- 18 One indicator of financial resilience is the level of reserves councils have to weather the pressures. The level of usable reserves at the end of 2022-23 was significantly higher than before the pandemic. At the end of March 2020, the usable reserves held by councils totalled approximately £1.1 billion. By the end of March 2022, the figure was approximately £2.1 billion and £2.0 billion at the end of March 2023.
- 19 As I have commented on previously, some councils are better placed than others to respond to the financial challenges ahead. At the end of March 2023, councils' usable reserves⁵ varied considerably, with the highest as a proportion of the net cost of services delivered being 40% and the lowest 12%. The latest update to my Local Government Financial Sustainability Data Tool provides more detail⁶.
- 20 We are also beginning to see the impact of cost pressures on school balances. While school reserves overall increased significantly during the pandemic, they reduced by around 31% between March 2022 and 2023, from £301 million to £208 million⁷. However, overall school balances remained significantly higher than pre-pandemic levels, which were £32 million at the end of March 2020.
- 21 Both the Welsh Local Government Association⁸ and Cardiff University⁹ have projected significant funding gaps for local government for both 2024-25 and beyond, based on current demand and funding trajectories.

5 We define usable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

6 Audit Wales, [Local Government Financial Sustainability Data Tool](#), updated January 2024 for data as at 31 March 2023

7 Welsh Government, [Reserves held by schools](#), updated October 2023 for data as at 31 March 2023

8 Welsh Local Government Association, [Resourcing local services 2024-25](#), December 2023

9 Wales Fiscal Analysis, [The medium term fiscal outlook for local government in Wales](#), October 2023

- 22 In England, Section 114 notices¹⁰ have been issued in several councils in recent years and more may be issued this year. The situation in Wales still compares favourably, however, the risk of a Section 114 notice being issued in a Welsh council inevitably increases in 2024-25 and beyond unless there is a significant change in the funding outlook.

Central government bodies

- 23 The central government bodies I audit vary in size and activity. The Welsh Government itself is looking to reduce running costs, including a 9% real-terms reduction in the budget for staff costs compared to the budget set for 2023-24.
- 24 Bodies in the culture sector face an obvious challenge. For Arts Council of Wales, Sport Wales, Amgueddfa Cymru – National Museum Wales, and the National Library of Wales, the draft budget sets out real-terms revenue cuts of between 8% and 11%. These cuts come on top of funding reductions in earlier years. The budget shows an even bigger 21% real-terms revenue reduction for Cadw, which looks after heritage sites and is part of the Welsh Government.
- 25 Some bodies are likely to pass reductions on to the external organisations they fund, with impacts for local communities. Ultimately, the scale of reductions may necessitate hard questions about priorities and whether they can sustain services at a level to fulfil their functions effectively.

10 Under the Local Government Finance Act 1988, a Council's chief finance officer must issue a Section 114 notice in given circumstances, including if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. This has the effect, among other things, of placing restrictions on new expenditure. It also usually means that a council is likely to seek significant cuts to expenditure, and therefore potentially services, to restore its financial position.

Responding to the challenge

The cost of failure in governance and financial management

- 26 On occasion, I have cause to report on weaknesses in financial management and governance, including most recently at Amgueddfa Cymru – National Museum Wales and in Betsi Cadwaladr University Health Board. What is always striking in such cases is the high cost of responding to the underlying issues.
- 27 Some of this cost is more readily identifiable, for example, hundreds of thousands of pounds or more spent on legal services or consultancy. Add to this the thousands of hours of lost time taken up by the issues within the bodies concerned or across other organisations, including costs involved in public accountability through the audit process, wider scrutiny and, where relevant, government intervention. But perhaps the biggest detrimental impact is how these issues can deflect organisations from their core objectives and services to the public.
- 28 As financial and human resources become stretched, the risk of governance and/or other service failings increases. This is not just about systems and processes; it is also about behaviours and the importance of demonstrating a clear commitment to the Nolan principles of Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership. These should guide the behaviour of all in senior positions of authority and influence.
- 29 Where standards slip, further costs will follow, along with an erosion of public trust and confidence. Every time the public see the kind of behavioural and governance failures I have reported on, their trust in those leading our public services is damaged. That, in turn, makes it harder to win public support where more radical changes need to be made.

Tackling fraud and error

- 30 While the debate about public finances often focuses on spending cuts and/or raising taxes, relatively little is said about fraud and error. Yet it continues to be a blight on public services. The Public Sector Fraud Authority estimates there is at least £33 billion of UK taxpayers' money (including tax and welfare) subject to fraud and error every year.
- 31 The opportunities are significant, therefore, if there is the will to pursue them. Moreover, if those looking to commit fraud sense a lack of vigilance from organisations, the risks could increase. We have seen, for example, where extra time and effort following up on checks relating to business support during the pandemic has borne fruit.
- 32 I fear it is too easy for public bodies to think of their investment in counter-fraud work as a luxury rather than a necessity amid other pressures. Our own work in this area includes facilitating the National Fraud Initiative (NFI) in Wales – part of a UK-wide data sharing and matching exercise. While most NFI participants display a strong commitment to the exercise, some appear not to recognise its importance or are unwilling to allocate the necessary resources to investigate matches.
- 33 Other data matching work that we have undertaken on community pharmacy also raises questions about whether fraud and error risks are getting the attention they deserve.

The complex public service landscape

- 34 In 2018, my predecessor reflected that 'for a country the size of Wales, the complex organisational structure of public services hampers co-ordinated service design and efficient delivery'. More than five years on, and ten years since the 'Williams Commission' highlighted similar concerns, the landscape has become even more complex.
- 35 We have seen more bodies created, and new legislation that impacts on how public bodies plan and deliver services. As our previous work has shown¹¹, these changes do not always align or reflect the practical and capacity realities of implementation.

11 Auditor General for Wales, Better law making: the implementation challenge, September 2020

- 36 I recognise that there will be positive intent behind the creation of new stand-alone bodies or additional legislative requirements. However, these come at a cost. For stand-alone bodies, that includes the overheads that go into running organisations and the accountability framework in which they operate. In some cases, those overheads are a substantial proportion of bodies' overall operating expenditure.
- 37 Amid continued financial pressures, it is essential to ask whether the landscape of public services in Wales and the expectations placed upon them is sustainable. Whatever landscape exists, those responsible for it must demonstrate that it is providing good value for money for citizens. This includes getting the best from new ways of working as some bodies look increasingly to UK government managed programmes, alongside funding from the Welsh Government, to support delivery of their objectives.

The workforce of the future

- 38 Last year, the Welsh Parliament's Finance Committee described the public sector workforce as '...embattled, under-resourced and under too much pressure'¹². I recognise this picture from our own audit work.
- 39 We see public bodies facing increasingly stiff competition for often scarce skills. In the NHS, we have highlighted high turnover and an increasing reliance on typically more expensive temporary staff that are only adding to the financial pressure. We have seen marked turnover in senior positions at some public bodies since the peak of the pandemic and challenges for recruitment at those levels too. And as new generations enter the public service workforce, and hybrid working becomes the norm for many, public bodies are learning how a more flexible employment model affects productivity and employee engagement.
- 40 As much of the work of Audit Wales shows, there must be focus on long-term workforce planning across sectors and professions. However, simply imagining the workforce of the future is not enough. It must be backed up with concerted action to invest in and incentivise careers in public service. In the meantime, public bodies need to work together to make best use of existing capacity and expertise.

Upping the bandwidth on digital transformation

- 41 Technology already exists to transform service delivery, reduce costs and improve the user experience. As our work often shows, however, this requires replacement of antiquated IT systems, improvement in the quality and shareability of data, and recruitment and retention of scarce skills in high demand.
- 42 I am concerned, therefore, about the overall pace of progress in harnessing digital technology to improve public services. The financial pressures I have already described present challenges for digital investment, even though such solutions should result in more efficient or effective services.
- 43 Alongside contractual difficulties and delays with some ICT projects, we are not always seeing clear evidence that significant investment in new systems is reaping the intended rewards.
- 44 For all its potential benefits, our increased reliance on digital systems also leads to increased risks. We have seen this in learning we have shared with public bodies from recent cyber-attacks in Wales and elsewhere. Much as with counter-fraud, our audit work on cyber resilience has discovered variable priority and practice. Public bodies need to recognise the potentially devastating impacts of a cyber incident and plan accordingly, with small organisations no less of a target.
- 45 Spending on infrastructure and systems also needs to be balanced with work to tackle digital exclusion. Without this, we risk creating a two-tier society when it comes to access to public and other services.

Zeroing in on the sustainable development principle

- 46 The Well-being of Future Generations (Wales) Act 2015 provides a framework to help public bodies address complexity and break cycles of short-term decision making. The Act's 'sustainable development principle' requires that public bodies balance what they need to achieve today with what they and future generations need to achieve in the future. If they do not, they risk reducing wellbeing and increasing costs over the long term.
- 47 We are seeing examples of public bodies understanding what the Act requires and acting more in line with the sustainable development principle. But long-term planning remains a challenge for many, linked in part with issues around the degree of certainty in budget setting even for the medium term.
- 48 Where bodies are planning further ahead, we are not always seeing a clear assessment of financial resources that may be required to achieve their stated objectives and the prospect of those resources being secured. For example, we have emphasised previously that public bodies need to get a stronger grip on how investment in decarbonisation will be supported¹³.
- 49 Fundamentally, public bodies are still struggling to demonstrate a shift in resources towards prevention amid short-term pressures. Some existing systems of accountability incentivise narrow or short-term thinking. This needs to change if Wales is to realise the ambitions of the Act and avoid higher costs in the future.
- 50 By way of example, in its draft 2024-25 budget the Welsh Government recognises that it has not been able to fund some preventative health policies as originally planned and in line with demand. It acknowledges that this could 'impact the capacity of prevention services such as smoking cessation, weight management and exercise support'.
- 51 Another example lies in how public bodies manage their asset base. Changing ways of working affect long-term estate requirements. This opens the door to running cost and carbon emission reductions, additional income streams, capital gains from disposals, and opportunities to support wider regeneration objectives. Nevertheless, the asset base of public services and its associated cost remains significant, and the sort of maintenance backlog I referred to previously for the NHS is simply storing up problems for the future. Concerns about the concrete used in some of our public buildings similarly highlight the importance of maintenance and renewal of the public estate as a component of overall efficiency.

Putting value for money to the test

- 52 While audit work can examine value for money, auditors cannot be everywhere. The accountability for considering value for money rests with public bodies and their senior decision-makers.
- 53 Consistent with the sustainable development principle, public bodies need to consider value for money with a broad perspective that recognises possible costs and benefits in the round and in the interest of the long-term wellbeing of the communities they serve. But they must also strike an appropriate balance between analysis and paralysis, being prepared to demonstrate the sort of well-managed risk taking that my predecessor often emphasised.
- 54 Setting clear, measurable outcomes at the outset of key projects and programmes, combined with effective monitoring and evaluation, provides the basis for assessing whether value for money has been achieved. Evidence from that monitoring and evaluation should inform future decision-making. Taxpayers have a right to see that evidence too, through improved public reporting.
- 55 While we are living in an increasingly data-driven age, my audit work continues to highlight weaknesses in these arrangements on an all too frequent basis. I am concerned that financial and capacity constraints will lead public bodies to cut corners even further in their appraisal of spending decisions and in their work to monitor and evaluate the impact of that spending. That would be a clear false economy.



From firefighting to future-proofing

- 56 We see every day how public servants work tirelessly to deliver services on which we all rely. But the long-term sustainability and affordability of current services and policy commitments are being tested.
- 57 Investing now to address longer-term issues – including the net zero agenda, the impact of demographic change, and inequalities in our society – will be hugely challenging when the purse strings are tight. But it is essential if public services are to escape from a spiral of short-term firefighting. Public bodies need to ensure they are maximising long-term value from their spending while bearing down on avoidable costs in the here and now.
- 58 We cannot rely on the way things have been done in the past to future-proof our public services and, if starting from a blank sheet, we would be unlikely to design things the way they are. It will require a bold vision to reimagine what public services might look like and courage, drive, and a long-term commitment to implement change.
- 59 Doing things differently will also require the confidence and trust of the public. Ensuring a strong focus on standards of governance and financial management, transparency around decision making, and the standards of behaviour the public has a right to expect, are therefore essential. I will continue to shine a light where that is not the case, and where I see opportunities to improve value for money for the benefit of all in society.
- 60 I hope that this article highlights themes that can help the public sector achieve more with the money it spends and enable a shift to more sustainable public services. I hope too that it assists the Senedd in exercising its vital parliamentary functions to hold the Welsh Government to account and to scrutinise its policy, budgetary and legislative proposals.



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