Bundle NHS Wales Shared Services Partnership Committee 18 July 2019

NHS WALES SHARED SERVICES PARTNERSHIP COMMITTEE
THURSDAY 23 MAY 2019
10:00 – 13:00
BOARDROOM, CHARNWOOD COURT, NANTGARW

AGENDA

PART 1		
1. PRELIMINARY MATTERS		**LEAD/ ATTACHMENTS**
1.1	Welcome and Introductions	Chair
1.2	Apologies for Absence	Chair
1.3	Declarations of Interest	Chair
1.4	Unconfirmed Minutes of meeting held on 23 May 2019	Chair
1.5	Action Log	Chair
1.6	Matters Arising not considered on the action log	Chair
2. SERVICE REVIEW		
2.1	Health Courier Services	Tony Chatfield
3. CHAIR AND MANAGING DIRECTOR'S REPORTS		
3.1	Chairman's Report	Chair
3.2	Managing Director's Report	Managing Director
4. ITEMS FOR APPROVAL/ENDORSEMENT		
4.1	Contractual Review of Employment Services Systems	Director of Employment Services
4.2	FMS Services Contract Novation and Approval	Director of Finance & Corporate

		Services
4.3	Concerns Management System	Director of Finance & Corporate Services
5. PROJECT UPDATES		
5.1	Laundry Update	Director of Specialist Estate Services
5.2	Construction Industry Update	Director of Specialist Estate Services
5.3	PMO Highlight Report	Director of Finance & Corporate Services
6. GOVERNANCE, PERFORMANCE AND ASSURANCE		
6.1	Finance and Performance Report	Director of Finance & Corporate Services
6.2	IMTP Quarterly Update Report	Director of Finance & Corporate Services
6.3	Blaenavon Data Centre Outage Update	Director of Finance & Corporate Services
6.4	Corporate Risk Register	Head of Finance & Business Development
6.5	Gifts and Hospitality Annual Report 2018/19	Head of Finance & Business Development
6.6	Complaints Annual Report 2018/19	Head of Finance & Business Development
6.7	Audit Committee Annual Report 2018/19	Head of Finance & Business Development

6.8	Audit Committee Highlight Report	Head of Finance & Business Development

7. ITEMS FOR INFORMATION/DISCUSSION		
7.1	Month 2 & 3 Monitoring Return	Director of Finance & Corporate Services
7.2	Wales Audit Office Management Letter 2018/19	Director of Finance & Corporate Services
7.3	Wales Audit Office Nationally Hosted Systems	Director of Finance & Corporate Services
7.4	NHS Counter Fraud Lessons Learned	Head of Finance & Business Development
7.5	NHS Wales Fighting Fraud Strategy	Head of Finance & Business Development

8. OTHER MATTERS		
8.1	Any Other Urgent Business	Chair
8.2	<u>Date of Next Meeting</u> Thursday, 19th September 2019, Boardroom, NWSSP Headquarters, Nantgarw	Chair

MINUTES OF THE SHARED SERVICES PARTNERSHIP COMMITTEE (SSPC) PART A

THURSDAY 23rd MAY 2019

10:00 – 13:00

NWSSP HQ, BOARDROOM

Present:

Attendance	Designation	Health Board / Trust
Margaret Foster (MF)	Chair	NWSSP
Neil Frow (NF)	Managing Director	NWSSP
Andy Butler (AB)	Director of Finance & Corporate Services	NWSSP
Phil Bushby (PB)	Director of People & OD	PHW
Eifion Williams (EW)	Director of Finance	PTHB / HEIW
Geraint Evans (GE)	Director of Workforce & OD	ABUHB
Gareth Hardacre (GH)	Director of Workforce & OD	NWSSP
Steve Ham	Chief Executive	Velindre
Hazel Robinson (HR)	Director of Workforce	Swansea Bay
Darren Dupre (DD)	Trade Union Representative	Unison
Steve Elliot (SE)	Deputy Director of Finance (H&SS Group)	Welsh Government
Other Attendees		
Paul Thomas (PT)	Director of Employment Services	NWSSP (Item 2.1)
Eric Gardner (EG) VC	Finance Director	BCU
Peter Stephenson (PS)	Head of Finance & Business Improvement	NWSSP
Maria Newbold (MN)	PA to Directors	NWSSP

1. PRELIMINARY MATTERS		
WELCOME AND INTRODUCTIONS		
No.	**Minute**	**Action**
1.1	The Chair welcomed everyone to the May 2019 Shared Services Partnership Committee (SSPC) meeting.	
APOLOGIES FOR ABSENCE		
1.2	Apologies of absence were **received** from the following: Chris Turley – Interim Finance Director, WAST Huw Thomas – Director of Finance, Hywel Dda Sue Hill – Director of Finance, BCU Steve Webster – Director of Finance, Cwm Taf Morgannwg Robert Williams – Director of Corporate Services & Governance Cwm Taf Morgannwg Steve Ham – Chief Executive, Velindre Bob Chadwick – Director of Finance, Cardiff & Vale Tony Uttley – Director of Finance, BCU	
DECLARATIONS OF INTEREST		
1.3	There were no additional declarations of interest to those already declared. EW noted that he was representing both Powys and HEIW.	
UNCONFIRMED MINUTES OF THE MEETING HELD ON 14th MARCH 2019		
1.4	The unconfirmed minutes of the meeting held on 14th March 2019 were reviewed. GE asked if on Page 3, Paragraph 5, the wording could be amended to state that ABUHB were seeking support for the Laundry to be possibly run by a Health Board, rather than ABUHB specifically. Members **NOTED** the amendment and **AGREED** the minutes.	
ACTION LOG		
1.5	Members **NOTED** the updates provided and **ENDORSED** the Action Log. All actions were either complete or were on the agenda.	
MATTERS ARISING		

1.6	No further matters were raised.	

2. SERVICE REVIEW

Deep Dive

2.1	**Employment Services** Paul Thomas, Director of Employment Services, provided an update on the e-expenses contract, which is due for re-tender this year. The number of users of the system had almost trebled to 31,000 since 2014, and over 200,000 claims were processed annually at a total value in excess of £22m per year. Since January 2014, the total estimated savings to NHS Wales using the system was £33.5m in direct reimbursement costs. A managed service is also available from the NWSSP Expense Department covering annual checks of driving licences, insurance, MOTs and Road Tax. A pilot had been conducted with one Health Board and since 2017, 11,000 driving licences, and 42,000 other vehicle documents have been checked. NWSSP are keen to extend the uptake of this service.	

3. CHAIR AND MANAGING DIRECTOR'S REPORT

3.1	**Chairman's Report** MF advised that a visit to ABUHB is scheduled. Laundry – MF advised that after the March SSPC, a letter had been received from the CEO of ABUHB, querying whether the Committee had the authority to make the decision on the laundry, without formal agreement from the health boards. This was referred to Legal & Risk services who provided a response confirming that the SSPC did have this authority. This response was tabled and discussed by members. NF agreed to send an electronic copy of the advice received to all members following the meeting. NF reiterated that while the Committee had made a decision that NWSSP would manage the service on behalf of NHS Wales, there is still much consultation and joint working to be undertaken with the respective Health Boards. DD stated that there needed to be greater consultation with staff and it was important to take account of their views. MF accepted that this was an issue. However, it was noted that this would need to be undertaken in consultation with the Health Bodies as NWSSP do not employ the staff concerned.	**<u>NF</u>**

	DD advised that Unison have tried to engage with Health Boards on this issue, but with limited success. HR stated on behalf of Swansea Bay, that if Unison have not been given access to Health Board staff then this is unacceptable, but she was not aware of this.	
	GE stated that AB staff are being informed of the process, but the problem had been that it was difficult to consult with them when the detail of the plans was still unclear.	
	DD stated that he is not necessarily objecting to the decision to rationalise laundry services, but stressed that there would be benefit in including staff in discussions as soon as possible.	
	The Committee **RESOLVED** to:	
	NOTE the update	
3.2	**Managing Director's Report**	
	NF presented his report.	
	NF advised that NWSSP have recently hosted a number of visits from other Shared Service organisations, and it would appear that NWSSP are significantly further forward than most. There was a positive discussion with the Royal Free Hospital on Recruitment and Robotics, and they have offered to share their knowledge further.	
	Medical Examiner Service – Project Manager starts at the end of June, the advertisement for the Lead Medical Examiner has been published. This is a non-devolved area, but NWSSP will be working closely with Welsh Government. The Department of Health are content for deadlines to be extended, so long as there is evidence of progress. There will need to be an extensive training programme for Medical Examiners, but some of this has already been completed. A technology solution for this service is currently being investigated.	
	Student Streamlining – The bursary terms and conditions have been revised, so students now have to commit to working in Wales for two years post-qualification. NHS Wales commits to ensuring that students are sighted on all vacancies and NWSSP monitor progress on appointment. Students can apply via one form instead of having to submit multiple applications.	
	There are currently two cohorts going through this process; nearly 90% of the students trained in Wales have secured an appointment. Of the successful appointees, the majority received their first choice of placement, which should help to retain them.	
	BREXIT	
	IP5 is adequately stocked in the event of a no-deal Brexit, and a call centre established at WestPoint to link into the UK resilience Brexit	

	network hub. NWSSP is currently working on a plan for essential non-stock items but need further clinical engagement to inform this work.	
	The need to identify future uses of the IP5 building is key. Mark Roscrow will be leading on this now that he has stepped down as Director of Procurement Services. The Committee registered its gratitude for the years of service that he has given to the NHS in Wales.	
	NHAIS	
	PCS continue to consult with Northern Ireland, who are due to visit in June. Legal advice was obtained on the procurement aspect of the contract, which is positive. Pressure on timescales has reduced as a result of further delays in the implementation of replacement systems in NHS England.	
	The Committee **RESOLVED** to:	
	NOTE the update	
4. PROJECT UPDATES		
4.1	**PMO Highlight Report** AB presented the report – 20 projects are ongoing, with two highlighted as red due to slippage on timescales. However, revised timescales have now been agreed. Recent PMO recruits have all now qualified in the Better Business Case foundation exam. DD asked for the status of the Powys project, transferring transport responsibilities from Powys to HCS. This is taking longer than anticipated due to the number and complexity of transport providers used. The Committee **RESOLVED** to: **NOTE** the report.	
4.2	**Laundry Business Case – Workforce & Resource Requirements 2019/20** AB presented a paper outlining the indicative costs for project management support to take the Laundry Business case forward. Predicted costs for the current financial year are £218k, with total project costs anticipated to be £360k. The Members AGREED with the proposal that this would be initially funded out of the predicted NWSSP savings. PB enquired what this meant for PHW as a non-user of the laundry service. AB stated that essentially PHW would be making a small	

	contribution to the project. However, the contribution was consistent with the agreed methodology.	
	A question was raised as to what the level of indicative resource was based on. Neil Davies had estimated the costs based on his experience of running large projects. However, it was also stressed that there will need to be Health Board input to the project to give a greater likelihood of a successful outcome.	
	The Committee **RESOLVED** to:	
	APPROVE the request.	
4.3	**TRAMS – Resource Requirements 2019/20**	
	AB presented a paper requesting approval for funding additional support for the TRAMs project.	
	The required figure for TRAMs is £200k for the current financial year, funded from the first call on NWSSP savings in line with the principal agreed for the laundry project.	
	DD asked if there are TUPE implications for this project. AB advised that this is still not yet clear.	
	The Committee **RESOLVED** to:	
	APPROVE the request.	
5. GOVERNANCE, PERFORMANCE AND ASSURANCE		
5.1	**Finance and Performance Report**	
	AB advised that NWSSP met its financial targets, with a planned surplus of £14k, and this was now subject to audit.	
	WRP – total expenditure for the year was £112m, £7m more than the initial allocation, due to extra cases being settled with agreement by Welsh Government. However, this will provide a benefit in the current year.	
	Financial savings – Savings were generated which resulted in a distribution of £2m to health boards.	
	Performance – KPIs on target, a few red issues regarding shortlisting and recruitment, which will be further investigated.	
	GH advised that sickness levels have improved; however, there are a significant number of long-term cases adversely affecting absence levels.	
	The Committee RESOLVED to:	
	NOTE the update	

5.2	**Annual Governance Statement** PS presented the final version of the Annual Governance Statement, which has previously been reviewed at both SMT and Audit Committee in draft. The Statement is written to a set template so does not change significantly from year-to-year, but is generally positive, with a reasonable Head of Internal Audit Opinion and no limited or nil assurance reports. It also reflects the transfer of WEDS into HEIW. NWSSP have met the carbon reduction targets. EW commended NWSSP for the positive outcome, and particularly the Internal Audit opinion. The Statement would now be presented to the Audit Committee on 9 July. The Committee **RESOLVED** to: **ENDORSE** the Statement	
5.3	**Corporate Risk Register** PS advised that there were two red risks which have already been discussed - NHAIS and IP5. Two risks have been added to the register, relating to fraud and cyber security. A number of risks have been removed since the last Committee and the reasons for each were contained in the accompanying report. Currently there are 12 risks for action and two for monitoring, which are subject to monthly review at SMT. A query was raised regarding the Welsh Language risk. Three additional translators have been appointed to help further mitigate the risk and to develop the Welsh Translation Services. The Committee **RESOLVED** to: **NOTE** the update	
5.4	**Audit Committee Highlight Report** PS advised that the last Audit Committee Meeting was held on 9th April. Five Audit Reports were received and there were no overdue audit recommendations. WAO were present at the meeting and provided a position statement. The Committee **RESOLVED** to: **NOTE** the update	
6. ITEMS FOR INFORMATION AND DISCUSSION		
6.1	**Month 1 Monitoring Return**	

	AB advised that there is a requirement for the return to be reviewed at Committee, but there is nothing further to report, over and above what was already included in the finance update earlier on the agenda. The Committee **RESOLVED** to: **NOTE** the update	
7. OTHER MATTERS		
7.1	**Any Other Urgent Business** HR wanted to give thanks to Employment Services for their help during the transfer of staff between Swansea Bay and Cwm Taf Morgannwg. HR also shared with the Committee that Danielle Mahaptra, Solicitor within the NWSSP Legal & Risk Team, won South Wales Solicitor of the year.	
7.2	**Date of Next Meeting – 18ᵗʰ July 2019**	

Item 1.5

ACTION LOG

SHARED SERVICES PARTNERSHIP COMMITTEE (SSPC)

UPDATE FOR 18 JULY 2019 MEETING

List No	Minute Ref	Date	AGREED ACTION	LEAD	TIMESCALE	STATUS JULY 2019
1.	SSPC/3/18	27 March 2018	**National Health Applications and Infrastructure Services (NHAIS) – replacement** Business Case on the options for replacing the NHAIS system to be considered by Committee.	NF/DH	March 2019	**On-going Included in MD update**
2.	SSPC/5/19	23 May 2019	**Laundry Business Case** Minutes to be amended to record suggestion that a Health Board be considered to manage the service, rather than naming a specific Health Board.	MB	July 2019	**COMPLETE**
3.	SSPC/5/19	23 May 2019	**Laundry Business Case** Legal & Risk response on authority of SSPC to make decisions to be shared with all Health bodies.	NF	July 2019	**COMPLETE**

The report is not Exempt

Teitl yr Adroddiad/Title of Report

Managing Director's Report

ARWEINYDD: **LEAD:**	**Neil Frow – Managing Director**
AWDUR: **AUTHOR:**	**Peter Stephenson, Head of Finance & Business Development**
SWYDDOG ADRODD: **REPORTING OFFICER:**	**Neil Frow – Managing Director**
MANYLION CYSWLLT: **CONTACT DETAILS:**	**Neil.frow@wales.nhs.uk**

Pwrpas yr Adroddiad:
Purpose of the Report:

To provide the Committee with an update on NWSSP activities and issues since the last meeting in May.

Llywodraethu/Governance

Amcanion: **Objectives:**	To ensure that NWSSP openly and transparently reports all issues and risks to the Committee.
Tystiolaeth: **Supporting evidence:**	-

Ymgynghoriad/Consultation :

Shared Services Partnership Committee

Adduned y Pwyllgor/Committee Resolution (insert √):

DERBYN/ **APPROVE**		**ARNODI/** **ENDORSE**		**TRAFOD/** **DISCUSS**		**NODI/** **NOTE**	**√**
Argymhelliad/ **Recommendation**		The Partnership Committee is to **NOTE** the report.					

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact.
Cyfreithiol: Legal:	No direct impact.
Iechyd Poblogaeth: Population Health:	No direct impact.
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	No direct impact.
Ariannol: Financial:	No direct impact.
Risg a Aswiriant: Risk and Assurance:	This report provides an assurance that NWSSP risks are being identified and managed effectively.
Safonnau Iechyd a Gofal: Health & Care Standards:	Access to the Standards can be obtained from the following link: http://www.wales.nhs.uk/sitesplus/documents/1064/24729_Health%20Standards%20Framework_2015_E1.pdf.
Gweithlu: Workforce:	No direct impact.
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open

Introduction

This paper provides an update into the key issues that have impacted upon, and the activities undertaken by, NWSSP, since the date of the last meeting in May.

Events

Over recent weeks, the Chair and myself have:

- Attended, along with a number of Directors, the recent Health & Social Care event in North Wales; and
- Arranged visits to Cardiff & Vale UHB and Aneurin Bevan UHB as part of the regular programme of attendance at Boards.

Medical Examiners' Service

Andrew Evans, Deputy Director of Primary Care at Powys THB has now started in post as Project Manager, and Dr Jason Shannon has been appointed as the Lead Medical Examiner. The Lead Medical Examiner Officer role is current being advertised and we will shortly be commencing the recruitment process for the Medical Examiners and Medical Examiner Officers that will be based in Health Boards. To progress this, we will be working with Health Boards to secure appropriate office space, preferably close to Bereavement Services at main hospital sites.

NWIS

There is a separate paper on the agenda referring to the considerable issues experienced as a result of the data centre outage in Blaenavon. Whilst our Business Continuity Plans were successfully enacted, there would have been significant disruption caused to our core systems if the outage had continued for much longer. For example, the impact on ESR may have led to issues in processing the weekly pay and caused access problems for Manager and My Self-Service. We are having on-going discussions with NWIS to prevent a recurrence of this issue.

IP5

Brexit preparations continue and there has been recent and positive progress on the position with non-stock requirements in the event of a no-deal Brexit. We have been working closely with the NHS Collaborative and various clinical networks such as Medical Directors and the NHS Confederation, in terms of finalising the lists of required items. We are currently arranging further testing on new systems in readiness should there be a no-deal Brexit. Part of our approach will include the relocation of Cwmbran Stores to IP5, which will enable a seamless switching of services to utilise the Brexit stock housed in IP5, should the UK leave the EU without a deal at the end of October.

Further work continues on developing options for the remaining space in IP5 with the intention of holding mini-workshops with relevant stakeholders over the next few weeks.

TRAMS

Further work is required in progressing the next phase of the project, which is focused on developing the Outline Business Case, including a high-level evaluation of space requirements. One solution may be a possible fit in the ground floor of IP5.

NHAIS

Following discussions with the Chief Executive of the Business Services Organisation in Northern Ireland, I have written to the Permanent Secretary covering the NI Health Department for permission to further explore the opportunities of using their GP Payments System to pay Primary Care Contractors in Wales. They are due to visit us in late August to progress this issue.

Welsh Language

We continue to work to implement the requirements of the Welsh Language Standards and we have recruited a further three translators, taking our total establishment to five translators and a Welsh Language Officer. This has enabled us to start offering services to other NHS organisations and we have draft SLAs documented for both PHW and NWIS. Further discussions are being held with other organisations to assist them in this regard.

Fraud Strategy

The Counter Fraud Steering Group, chaired by Andy Butler and including Health Board representatives has produced a Fighting Fraud Strategy (included on the agenda in the papers for information) on behalf of the Finance Directors' Group. This has been signed off by Dr. Andrew Goodall on behalf of Welsh Government and he has also provided the foreword. The Strategy has been shared with LCFS colleagues across NHS Wales and is also being taken to the Board Secretaries' Group at the end of May prior to being issued to all Boards for information. The Strategy is backed by a detailed Action Plan that will be monitored through the Counter Fraud Steering Group.

Primary Care Sustainability:

Working with Welsh Government, NWSSP Employment Services has established a number of key systems and processes advancing delivery of 'A Healthier Wales' and the Strategic Programme for Primary Care. These developments include the introduction of a single point website to advertise multi-disciplinary vacancies, Wales National Workforce and Reporting

System capturing for the first time primary care workforce information and the All Wales Locum Register for Primary Care providing confirmation of Locum GPs registered on the Wales Scheme for General Medical Practice Indemnity. Maximising opportunities these changes will remove current advertising costs for GP Practices, visibility of GP vacancies enabling GP Trainee Streamlining, improved quality and understanding of primary care multi-disciplinary workforce demographics to achieve greater workforce and across cluster planning.

Student Streamlining Update:

Building on the 100% employment success rate of Nurse Graduates through the first NWSSP Student Streamlining Scheme the second cohort has shown ongoing success with 98% of graduates being matched at the first stage. NWSSP Employment Services are working closely with Health Board and Trust leads to identify suitable alternatives for the remaining 11 graduates. In total 803 Nurse Graduates have gone through the Streamlining Scheme and preparations are in place for sign-off March17 Cohort. Evaluation of the Nursing model will conclude in Q2 and will inform ongoing Streamlining Scheme for other professional groups.

Staffing

We have appointed to the post of Director of Procurement Services to replace Mark Roscrow MBE who retired in May. The appointee is Jonathan Irvine who is currently employed by Nottingham University Hospitals NHS Trust and who was the 2018 winner of the HCSA Procurement Professional of the Year. Jonathan starts in post on 23 September, and until that date, Graham Davies is acting up as Interim Director.

Neil Frow,
Managing Director, NWSSP,
July 2019

The report is/is not Exempt

TeitlyrAdroddiad/Title of Report
Contractual review of Employment Service Systems

ARWEINYDD: LEAD:	Paul Thomas, Director of Employment Services/Lisa Williams, Assistant Director Employment Services
AWDUR: AUTHOR:	Paul Thomas, Director Employment Services
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Thomas, Director Employment Services

PwrpasyrAdroddiad: Purpose of the Report:
The purpose of this report is to provide the SSPC with an update on, and gain approval for, the procurement and contractual review of the following systems:

1. Selenity (E-expenses)
2. Trac (Recruitment Management)
3. Primary care workforce tool

Llywodraethu/Governance	
Amcanion: Objectives:	Value for money, Customers, Staff, Excellence and service development key corporate objectives.
Tystiolaeth: Supporting evidence:	Business case assessments and Board papers

Ymgynghoriad/Consultation :
NWSSP Procurement, viable suppliers

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ APPROVE	√	**ARNODI/ ENDORSE**		**TRAFOD/ DISCUSS**		**NODI/ NOTE**	√

Page 1 of 7

Argymhelliad/ Recommendation	1. Note and approve the recommendations for award of contracts for e-expenses and Recruitment Management. 2. Note and approve the update on the procurement and implementation of the Primary Care Workforce tool.

CrynodebDadansoddiadEffaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact
Cyfreithiol: Legal:	No direct impact
IechydPoblogaeth: Population Health:	No direct impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	No direct impact
Ariannol: Financial:	Financial impact addressed within the report and Board approval sought from VNHST
Risg a Aswiriant: Riskand Assurance:	Risk to service continuity if contracts not awarded
SafonnauIechyd a Gofal: Health & Care Standards:	Consistent with the standard for safe recruitment (Trac)
Gweithlu: Workforce:	Positive impact on Recruitment and Retention of staff
DeddfRhyddidGwybodaeth/ FOIA	

1. Background

The current contracts for the E-Systems that support e-expenses (Selenity) and Recruitment Management (Trac) have both reached the conclusion of their agreed term and the NWSSP Employment Services and Procurement teams have undertaken an evaluation of both contracts to ensure service continuity and value for money.

This paper updates the SSPC on the current status of this review and the next steps to ensure accessibility to these key systems.

In addition to the procurement exercise outline above, NWSSP Employment Services have recently undertaken a Procurement exercise to procure systems to support the Primary Care sustainability agenda. An update on this work is also provided within this paper.

2. Current position

Selenity Contract

In 2012, NWSSP undertook a competitive dialogue tender to establish an Integrated Electronic NHS Web Expenses System which would interface with the National Electronic Staff Record system.

Following a robust tendering process which included five bidders in the final dialogue phase, the contract was awarded to Software (Europe) Limited who are now called Selenity. The contract included implementation, associated training, consultancy, support and maintenance services.

The original contract was for the management of expenses for eight Health Boards and Trusts, with scope at a later stage to include two other Organisations. Aneurin Bevan LHB and Abertawe Bro Morgannwg LHB transitioned to the contract in May 2017 in the first year extension provision.

There is now a large volume of activity processed through the Selenity system with over 18,000 claims processed electronically each month with a value of approximately £2m. The average reimbursement per employee per annum is approximately £700. This level of demand and transactional activity is highly dependent on proven system stability and failure to reimburse expenses in accordance with pay dates could compromise clinical service delivery and carries significant reputational risk.

Due to streamlining of work following the implementation on an All Wales basis of the Selenity system, staffing levels have been reduced within Expenses Services. Reduction of staffing levels has been made following implementation and training to both users and expense teams. The

introduction of a new electronic system may result in the requirement for manual calculation/input to support implementation or to accommodate system load capacity due on a new system. There is insufficient staffing levels to support manual input / manual calculation / training / implementation within the NWSSP Expense Service structure.

Trac Contract

Trac is a once for Wales e-recruitment system providing visibility of the full end-to-end recruitment process to all users allowing for the tracking of applicant, shortlisting, interview and appointment stages. The flexibility of functionality provides use across Agenda for Change recruitment, Medical Recruitment and appointment to temporary workforce with the ability to monitor and managing compliance with NHS Employment Standards. With built in e-functionality to process Disclosure and Barring Service (DBS) Checks offering the opportunity to Health Boards/Trusts to process ad-hoc checks.

The contract was originally awarded under a Crown Commercial Services (CCS) G-Cloud 7 Direct Call-off Agreement dated 14 March 2016 for a period of 3 years ending 14 March 2019, with the option for an additional 24 months (exercisable in 12 month tranches). Upon attempting to exercise the first 12 months extension under the contract, the service was advised by the supplier the maximum term permitted under G-Cloud 7 was limited to two years. This was not the understanding at the time of issuing the existing contract, therefore there is now an urgent need to ensure a compliant contract is in place providing NHS Wales with the ability to ensure safe electronic recruitment of staff.

Interim extensions have been agreed with the suppliers of Trac and Selenity whilst negotiations have been ongoing. These interim extensions expire on the 31st July 2019.

3. Procurement update

3.1   E-expenses

Procurement Services met with Employment Services to discuss the renewal options and the provisions and cost of a new contract with Selenity has been assessed against two other e-expense systems that have 'preferred provider' status under the ESR contract namely Giltbyte and Allocate.

Renewal options and investigation of the two other systems that could be utilised via Electronic Staff Record have been considered. These offered different levels of functionality, pricing models and would require re-training for users across all Heath Boards/Trusts prior to transition to

a new system which would result in significant cost of change in terms of value for money. Nor were these systems determined to offer overall value for money once all costs were assessed and understood and qualitative aspects taken into consideration. Duty of Care functionality is unique to Selenity. The system has a DVLA look up built allowing for monitoring compliance and preventing a claim where vehicle details are not up-to-date.

It is the intention to award a contract for a period of two years with an option to extend for a further maximum of two years in annual increments.

The projected value of the contract is £895,104 and as such a paper has been submitted to the Velindre Board meeting on the 25th July for approval.

3.2   Recruitment Management System

The service anticipated the benefits derived following the implementation of the Trac system would continue for a further two years under the original contract. It was not anticipated there would be a requirement to report to the SSPC at this time, as the contract was let in agreement with the supplier for a three year term with options to extend for 24 months (exercisable in periods of 12 months).

The limiting of the contract totwo2 years as claimed by the supplier, has been validated with Crown Commercial Services directly by Procurement Services. The intention, therefore, is to award a new agreement as a further direct call off under the CCS G-Cloud 11 Framework, subject to the outcome of negotiations with the supplier. There is also greater flexibility under the newer version of this framework to award for a longer term.

It is the intention to award a contract for a period of two years commencing with an option to extend for a further maximum of two years in annual increments. This will align the contract to allow a review of functionality when the NHS Jobs 3 system is available from March 2021.

The projected value of the contract is £774,000 and as such a paper has been submitted to the Velindre Board meeting on the 25th July for approval.

3.3   Primary Care Sustainability Update:

Following 'A Healthier Wales' and its adoption under the Primary Care Model for Wales a critical component of modernising the workforce infrastructure is understanding the workforce demographic and acting

quickly to recruit into the multi-disciplinary teams. Recent Wales Audit Office reports have called for consistent and comparable data in understanding the true spend on temporary workforce with an ability to track the volume, nature and cost.

NWSSP Employment Services has welcomed working to support Welsh Government to deliver a stronger understanding of the primary care multi-disciplinary workforce and to implement a number of critical systems as part of our IMTP:

GP Wales website designed by GPs for GPs to advertise multi-disciplinary practice vacancies and enabling effective sign-posting and introduction of applicants through GP Trainee Streamlining and the Train.Work.Live campaign.

The original scope identified by Welsh Government for the website was established through a Single Tender Action (STA) in March 2019. Subsequent to this STA Welsh Government has sought to extend the original scope to maximise opportunities to support the Strategic Programme for Primary Care. The broadening of this scope exceeds the original STA value and is therefore presented to SSPC to proceed by the publication of a Voluntary Ex-ante Notice (VEAT). Due to the timing of SSPC and Velindre Trust Board this approach was approved by Velindre Trust Board on the 26 June 2019. The total cost of contract under the VEAT notice is £566,597 and is fully funded by Welsh Government.

Wales National Workforce & Reporting System (WNWRS) will provide a core system for capturing and reporting multi-disciplinary workforce information. This system procured on behalf of Welsh Government is being rolled out across all GP Practices with the support of a single point of contact provided by NWSSP Employment Services. GP Practices are required to capture their workforce information to identify workforce covered by GMPI. A summer engagement programme with Practices is underway working towards the first workforce analysis for September 2019. The current Implementation Group includes a Heads of Primary Care representative to ensure Health Board requirements and opportunities are being acted upon.

All Wales Locum Register (AWLR) for GP Practices was established from 1 April 2019. This register is aligned to the Medical Performers List for GP Practices and is the first point of contact for practices to identify Locum GPs that are registered and eligible under the Wales Scheme for General Medical Practice Indemnity (GMPI).

4. Recommendations

Selenity and Trac

On the basis of Procurement exercise undertaken it is the intention to award the contracts as outlined above to ensure service continuity for the provision of e-expenses functionality to allow NHS Wales employees to be reimbursed expenses in a timely manner and to ensure that the Trac Recruitment Management system continues to support the performance management of NHS Wales recruitment activity.

The SSPC is asked to note and approve the work undertaken to establish both value for money and ensure continuity of these key once for Wales systems.

Primary Care Systems
The SSPC is asked to note and approve the progress and implementation of the three primary care initiatives and note the Velindre Board agreement for NWSSP to proceed by the publication of a Voluntary Ex-ante Notice (VEAT) for the GP Wales website.

The report is not Exempt

Teitl yr Adroddiad/Title of Report

Oracle Licence Novation from Abertawe Bro Morganwwg University Health Board to Velindre University NHS Trust and impact on Banking Role.

Managed Services Contract for Finance Procurement (FMS) Enterprise Systems Contract variation to include Qlik Licence Management.
(Contract Award to Version 1 and NWSSP Banking Role approved by Velindre NHS Trust Board on 28th Sept 2017. Contract Reference Number AW4912)

ARWEINYDD: LEAD:	Said Shadi, Central Team eBusiness Services
AWDUR: AUTHOR:	Kate Edmunds, Central Team eBusiness Services
SWYDDOG ADRODD: REPORTING OFFICER:	Andy Butler, Director of Finance & Corporate Services
MANYLION CYSWLLT: CONTACT DETAILS:	Kate Edmunds, Central Team eBusiness Services 02920 745597 Katie.edmunds@wales.nhs.uk

Pwrpas yr Adroddiad:
Purpose of the Report:

The purpose of this report is to provide an update on the paper approved by the Velindre NHS Trust Board on 28th September 2017 in relation to the Managed Services contract for FMS Enterprise Services (Oracle eBusiness Suite, OCR Scanning, Business Intelligence (APEX and QlikView) etc.) award to Version 1 Ltd and the financial/banking role impact on Velindre NHS Trust.

The original contract specifically excluded Oracle and Qlik Licence Management by Version 1. Since the commencement of the new contract on 1st April 2018, activities have progressed to standardise Licence Management.

This comprised of novating the existing Oracle Agreement from Abertawe Bro Morganwwg UHB (now Swansea Bay UHB) to Velindre University NHS Trust and to manage the Qlik recurring License maintenance support directly.

Due to difficulties in agreeing terms with Qlik as they only work through partners and not directly with customers, the recommendation is to include Qlik Licence Management into the Version 1 Managed Services contract and the associated Financial Model. This aligns to the current management of V1 Licences in the contract, with a variation to the existing contract clause to include Qlik (Schedule 2.1 Section 3.5.1).

Both V1 and Qlik Licence costs will be included in the Financial model to allow Version 1 to invoice for Core Managed Services and the Licences together in a single Purchase Order to minimise administration overhead. The inclusion of the Licences into the Financial Model will increase the total costs payable to Version 1 by around £175k per annum.

For 2020/21 the value of the contract is:

£859,263 (comprising of £685,576 Core Managed Services, £52,042 V1 Licences, £122,005 Qlik Licence)

Notes:

On 28th September 2017 the Velindre NHS Trust Board approved the proposed annual value of the contract with Version 1 for core Managed Services only - £685,284. Indexation has been applied to Core Managed Services since the original contract value and will be applied for 2010/21 and annually as set out in the contract (excluding Licences).VAT has not been included as this is a Managed Services Contract (or Licences).

The estimated contract value shown above may increase during the contract term as this excludes any future optional service requirements such as application upgrades. Funding will be via the existing recharge arrangements with Health Boards and Trusts. No separate funding is being sought. Although Indexation is not applied to Licences by Version 1 there is likely to be an annual uplift from the vendor.

Separate to the above, Oracle Licences novated to Velindre University NHS Trust from Abertawe Bro Morganwwg UHB (now Swansea Bay UHB) on 28 March 2019. The annual renewal cost of these Licenses is £394,322 excluding VAT and indexation. Oracle Licence Management will remain outside the scope of the Managed Services Contract with Version 1 however from 2020/21 will be included in the banking arrangements with Velindre University NHS Trust.

If approved by the Velindre University NHS Trust Board the change will be progressed through a Contractual Change Control Notice (CCCN). All CCCN's were previously approved by Mark Roscrow (former FMS Services Contract and Licence Group Chair), approval is also sought for Andrew Butler to approve CCCN's pertaining to the Managed Services Contract for Finance and Procurement (FMS) Enterprise Systems.

Llywodraethu/Governance	
Amcanion: Objectives:	Value for Money – to develop a highly efficient and effective Shared Service Organisation which delivers real term savings and service quality benefits to its customers
Tystiolaeth: Supporting evidence:	Contract Award (CONTRACT REFERENCE NUMBER: AW4912) Original funding report submitted to the NWSSP Committee on 19th September 2017 Contract Award to Version 1 and NWSSP Banking Role approved by Velindre NHS Trust Board on 28th September 2017

Ymgynghoriad/Consultation:
Who has been consulted on the details of the report?   • The FMS Strategy and Development Board (STRAD) – this report will be presented at the next meeting scheduled on 15th July 2019   • Velindre University NHS Trust Board – paper will be presented on 25th July 2019

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ APPROVE		**ARNODI/ ENDORSE**	✓	**TRAFOD/ DISCUSS**		**NODI/ NOTE**	
Argymhelliad/ Recommendation	Outline the recommendation of the report • The Committee is asked to **ENDORSE** the report						

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact

Cyfreithiol: Legal:	No direct impact
Iechyd Poblogaeth: Population Health:	No direct impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	No direct impact
Ariannol: Financial:	Funding will be via the existing recharge arrangements with the Health Boards and Trusts. No separate funding is being sought.
Risg a Aswiriant: Risk and Assurance:	No direct impact
Safonnau Iechyd a Gofal: Health & Care Standards:	Access to the Standards can be obtained from the following link; http://gov.wales/docs/dhss/publications/150402standardsen.pdf
Gweithlu: Workforce:	No direct impact
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open

1. ARGYMHELLIAD/RECOMMENDATION

The Committee are asked to:

- **ENDORSE** the Report

The report is Exempt	
Teitl yr Adroddiad/Title of Report	
Laundry Services Programme Update	

ARWEINYDD: **LEAD:**	**Neil Davies, Director, NWSSP-SES**
AWDUR: **AUTHOR:**	**Neil Davies, Director, NWSSP-SES**
SWYDDOG ADRODD: **REPORTING** **OFFICER:**	**Neil Davies, Director, NWSSP-SES**

Pwrpas yr Adroddiad: **Purpose of the Report:**	
To advise the NWSSP Committee of Welsh Government feedback on the Laundry Services OBC and provide an update on the key activities and actions required.	

Llywodraethu/Governance	
Amcanion: **Objectives:**	To identify the actions required to develop a Programme Business Case including proposals for a revised governance structure.
Tystiolaeth: **Supporting** **evidence:**	Welsh Government letter dated 17th May 2019.

Ymgynghoriad/Consultation :	
Extensive consultation and engagement with Health Boards and Trusts was undertaken in the development of the Laundry Services OBC.	

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ **APPROVE**		**ARNODI/** **ENDORSE**	√	**TRAFOD/** **DISCUSS**		**NODI/** **NOTE**	

Argymhelliad/ Recommendation	The NWSSP Committee is requested to note this report.

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	Not applicable
Cyfreithiol: Legal:	Workforce implications in respect to consultation and TUPE.
Iechyd Poblogaeth: Population Health:	No direct impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	Project will rationalise existing laundry provision and aim to improve services across NHS Wales.
Ariannol: Financial:	The project will deliver reduced operating costs
Risg a Aswiriant: Risk and Assurance:	Risks managed through existing project structure risk register.
Safonnau Iechyd a Gofal: Health & Care Standards:	No direct impact.
Gweithlu: Workforce:	Implications for staff because number of sites will reduce from five to three.
Deddf Rhyddid Gwybodaeth/ FOIA	None

1   BACKGROUND

The Shared Services Partnership Committee (SSPC) previously approved a 3-site Laundry Services Outline Business Case (OBC) and, at its March 2019 meeting, agreed that NHS Wales Shared Services Partnership would manage laundry services on an all-Wales basis.

A further paper was provided to the SSPC at its May 2019 meeting, setting out the resource implications of moving the project through to implementation.

The OBC has now been considered by the Welsh Government and feedback has been provided. A number of comments aimed at strengthening the document were received including the requirement to present the business case as a Programme Business Case (PBC).

2 KEY ISSUES

2.1 Welsh Government requirements
The Welsh Government's response to the Laundry Services OBC are included as Appendix 1. In summary NWSSP is required to:

- Reissue the document as a PBC (and provide clarity around the timings and priority of Business Cases for the respective capital works at the three sites identified);

- Enhance the strategic case for change through more specific reference to the current environmental conditions;

- Be clearer on how meeting the objectives of delivering a higher quality and more effective laundry service leads to a preferred option which is based on 3 Laundry Production Units and a centralised management arrangement within NWSSP;

- Provide further detail on the management proposal and how accountability arrangements will migrate from the existing provision;

- Describe the transitional financial arrangements necessary to ensure there is no financial disadvantage to any Health Board;

- Detail the impact of the proposed change on carbon emissions and include consideration of decarbonising activities.

The Welsh Government has also identified the importance of injecting greater pace in the programme.

2.2 TUPE
The approach taken to staff during the transitional period is an area that needs further and more detailed consideration as part of the development of the PBC.

Early work based on the experience of similar processes involving NWSSP suggests that working closely with stakeholders is the key to successful delivery. In this case key parties include Health Boards' (with existing laundries) Workforce Departments, Laundry Managers and Staff Representatives.

In support of this process the Programme Team have instructed NWSSP – Legal and Risk Services to provide legal advice on the TUPE implications of the proposal.

2.3 Governance
In line with the Welsh Government's requirement to adopt a PBC approach the governance strategy needs to be reset.

Critical to any major programme or project is the establishment of robust governance. For a complex programme, the structure requires a minimum of 3 components:
- Sponsoring Group – responsible for the investment decision
- Programme Board – responsible for driving the programme forward and delivering the outcome and benefits
- Work Streams (Project Boards) – responsible for delivering the different components of the programme

NWSSP's core Programme Management Team will consists of:
- Senior Responsible Owner (accountable for the meeting the objectives and delivering the benefits)
- Programme Director (leads and manages the programme to the delivery of the capability)
- Business Change Manager (responsible for realising the benefits)
- Programme Management and Administrative support

2.3.1 Sponsoring Group
This function is currently fulfilled by the SSPC and it is proposed that this arrangement continues.

2.3.2 Programme Board
This function is not currently being discharged. Similar arrangements were previously delivered through a Project Board with members almost exclusively drawn from the laundry service in Wales.

It is therefore proposed to seek nominees, initially through the SSPC, for the following:

NHS Wales Nominees
- Customer Representative
- Supplier Representative
- Managing Director, NWSSP
- Work Stream Chairs*

*Co-opted as required

Welsh Government
- Laundry Policy Lead

Unions
- Staff Representative

These will be supported by the NWSSP internal programme team consisting of:
- Senior Responsible Owner – Chair
- Programme Director
- Business Change Manager
- Project Administration

2.3.3 Work Streams

Operational Work Stream
Nominees will be sought from NHS Wales for the following:
NHS Wales Nominees
- 5 * Laundry Managers
- Decontamination Lead (Welsh Government and/or NHS Wales)

These will be supported by the NWSSP internal programme team consisting of:
- Business Change Manager - Chair
- Programme Director
- Laundry Consultant
- Project Administration

Workforce Work Stream
Nominees will be sought from NHS Wales for the following:
NHS Wales Nominees
- 5 * Workforce Representatives including Chair
- NWSSP Workforce

Union Representation
- Staff Representative

These will be supported by the NWSSP internal programme team consisting of:
- Business Change Manager
- Programme Director
- Project Administration

Finance Work Stream
Nominees will be sought from NHS Wales for the following:
NHS Wales Nominees
- 5 * Finance Representatives including Chair
- NWSSP Finance

These will be supported by the NWSSP internal programme team consisting of:
- Business Change Manager
- Programme Director
- Project Administration

Estates Work Stream
Nominees will be sought from NHS Wales for the following:
NHS Wales Nominees
- 5 * Estates Representatives including Chair

These will be supported by the NWSSP internal programme team consisting of:
- Business Change Manager
- Programme Director
- Project Administration

3. ACTIONS

The following actions have been identified:
- Appointment of a consultant to support the production of a PBC;

- Formalise the Programme Team appointments of Programme Director, Business Change Manager and Project Administrator;

- Nominations to be sought from the SSPC, NHS Wales and Welsh Government to populate the governance arrangements identified.

4. RECOMMENDATION

The NWSSP Committee is requested to **ENDORSE** this report.

APPENDIX 1

Welsh Government Letter 17th May 2019

19-05-17 Laundry
scrutiny letter1.docx

Robert Hay
Dirprwy Gyfarwyddwr, Cyfalaf, Ystadau a Cyfleusterau/
Deputy Director, Capital, Estates & Facilities
Cyfarwyddiaeth Cyllid/Finance Directorate
Y Grwp Iechyd a Gwasanaethau Cymdeithasol/Health &
Social Services Group
Llywodraeth Cymru/Welsh Government

Llywodraeth Cymru
Welsh Government

Neil Frow
Director
NHS Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff CF15 7QZ

Our Ref: RH – RB –Laundry 2019
17 May 2019

Dear Neil,

Laundry Business Case

As discussed with Ian Gunney, provided here are some initial, high level comments on the Outline Business Case for NHS Wales Laundry Production Units Service Review. While further more detailed comments will follow, providing these comments now underlines the importance we place on making demonstrable progress on the business case given the shortcomings in the current laundry service arrangements for NHS Wales as highlighted in the Laundry Condition Report produced by NWSSP-SES in March 2016. It is vital that progress is made at pace to ensure we are maintaining a safe and sustainable laundry service.

As this document sets out to consider the delivery of laundry service across NHS Wales, it is clear there are a number of elements to be considered including the number and siting of LPUs, the need to meet current standards, logistical implications of different sites and future management arrangements of a single all Wales service. Considering this against the NHS Infrastructure Investment Guidance, the appropriate business case approach would be a Programme Business Case (PBC) rather than an Outline Business Case (OBC). On that basis, I would be grateful if you could revise the document submitted along the lines of the Programme Business Case requirements to provide clarity around the timings and priority of Outline Business Cases for the respective capital works at the three sites identified.

As submitted, the strategic case for change needs to be better articulated, as the current environmental conditions of the existing LPUs does not come through clearly. The Business Case also needs to be clearer on how meeting the objectives of delivering a higher quality and more effective laundry service leads to a preferred option which is based on 3LPUs yet to be determined and a centralised management arrangement within Shared Services.

The PBC will need to clearly set out the management arrangements for the service going forward. In particular it is important to understand how the accountability arrangements will migrate from the existing set up to the proposed arrangements to support the service delivery. Further how it is intended to address changes to the management arrangements alongside the considerations on the number and siting of LPUs.

While identifying that the preferred option estimates an annual saving of between £1.6m and £2.4m, it also references the need for a transitional period to ensure no financial disadvantage to any Health Board. It is important for the PBC to set out how this is factored into the modelling given the implications that has for the realising of the savings and the implications for the overall value for money of the preferred solution.

Given the Welsh Government's recent announcement to declare a Climate Emergency, it would also be appropriate for the PBC to include consideration of the decarbonisation opportunities which would then be further explored in the relevant business cases. For example, the number of laundry units as set out in the business case submitted will drop from 5 to 3 but as a consequence will journeys have to be longer, so it is important to understand how this will impact on carbon emissions.

I trust the above points help make the Welsh Government position clear in terms of expectations surrounding next steps.

Yours sincerely

Robert Hay

The report is Exempt

Teitl yr Adroddiad/Title of Report

National Construction Frameworks: Market Conditions and Risk Mitigation

ARWEINYDD: LEAD:	**Neil Davies, Director, NWSSP-SES**
AWDUR: AUTHOR:	**Andrew Waddington, Acting Head of Design for Life: Building for Wales NWSSP-SES**
SWYDDOG ADRODD: REPORTING OFFICER:	**Neil Davies, Director, NWSSP-SES**

Pwrpas yr Adroddiad: Purpose of the Report:

To provide an overview of NWSSP-SES' National Construction Frameworks and the approach to monitoring the financial sustainability of key Supply Chain Partners.

Llywodraethu/Governance

Amcanion: Objectives:	To provide the SSPC with reassurance that all reasonable steps are being undertaken to monitor and report on the financial sustainability of our key construction delivery partners.
Tystiolaeth: Supporting evidence:	

Ymgynghoriad/Consultation :

Extensive consultation and engagement with Health Boards and Trusts was undertaken in the development of NWSSP-SES' National Construction Frameworks.

Adduned y Pwyllgor/Committee Resolution (insert √):

DERBYN/ APPROVE		ARNODI/ ENDORSE		TRAFOD/ DISCUSS		NODI/ NOTE	√
Argymhelliad/ Recommendation		The SSPC is requested to note this report.					

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	Not applicable
Cyfreithiol: Legal:	Not applicable.
Iechyd Poblogaeth: Population Health:	No direct impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	NHS Wales National Construction Frameworks help to support quality, safety and the patient experience.
Ariannol: Financial:	NHS Wales National Construction Frameworks deliver savings against alternative delivery models.
Risg a Aswiriant: Risk and Assurance:	Risks are managed through the Strategic Framework Board that oversees the NHS Wales National Construction Frameworks. The Frameworks have been subject to significant audit and review through NWSSP-Audit and Assurance.
Safonnau Iechyd a Gofal: Health & Care Standards:	No direct impact.
Gweithlu: Workforce:	Not applicable
Deddf Rhyddid Gwybodaeth/ FOIA	None

1. INTRODUCTION

The construction industry is undergoing a difficult period with unpredictable market demand and tight margins. Some Contractors are also having to deal with burdensome debt levels. In addition, the construction market is particularly affected by the continuing uncertainty regarding Brexit.

The most notable casualty in recent times has been Carillion, the UK's second-largest construction company with an income of over £5.0 billion and 43,000 staff employed globally (23,000 in the UK).

Fortunately, Carillion was not particularly active in NHS Wales, so its collapse in January 2018 had limited direct impact. However, the situation was very different across other parts of the UK with NHS England being particularly exposed due to its relationship with Carillion both as a Contractor and as a Facilities Management provider. Some notable projects include:

- The £350m Midland Metropolitan Hospital in Sandwell. The opening was originally scheduled for October 2018, but difficulties with the heating, lighting and ventilation systems delayed the project. The hospital is now due to open in 2022 with some reports now indicating an outturn capital cost estimated at in excess of £600m[1]

- The £335m Royal Liverpool Hospital. The new 646-bed hospital was due to be finished by March 2017, but the completion date has been repeatedly pushed back amid reports of cracks in the building. The hospital is now planned to open in 2021. Estimated outturn capital costs have not been reported.

This paper sets out the approach NHS Wales takes to the design and development of major construction projects through the procurement of National Construction Frameworks and the steps being taken to try to mitigate risk exposure in what still is a volatile market.

2.   BACKGROUND

The current *NHS Building for Wales* National Frameworks, managed by NWSSP-Specialist Estates Services (SES), are the NHS Wales' construction procurement and delivery frameworks for major capital projects with construction costs in excess of £4million.

They are the 3rd generation frameworks and commenced in July 2018 with a 4 year duration (with an option to extend by 2 years.

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[1] *Carillion' Midland Metropolitan hospital to be years late and £250m over budget*
 Times 9th January 2019

Framework Structure

In May 2016, SES conducted a consultation in collaboration with the Health Boards and Trusts across Wales to identify the needs and requirements for the delivery of capital projects within NHS Wales.

The vast majority of Health Boards/Trusts requested the continuation of framework arrangements consisting of integrated Supply Chains Partners with Members (comprising Architects, Structural Engineers, Building Service Engineers and Building Service Installers) being selected at framework level for major capital projects. SES developed these requirements further - in order to provide resilience and choice to potential employers – by stipulating that the Supply Chains are comprised of two members for each of the above disciplines.

There was agreement across all Health Boards and Trusts that the previous limit of three Supply Chain Partners per framework and/or regional lot was insufficient for a variety of reasons. It was determined that this should be increased to four in order to provide resilience and better choice to the potential Employers.

The number of Contractors with the capability and capacity of serving the specialist requirements of NHS Wales is limited. The requirement to provide integrated supply chains further limits this market.

The market was presented with the framework proposal at an industry open day in July 2016; and advised of the assumed annual capital availability over the duration of the frameworks.

Although 15 Contractors registered an expression of interest in the frameworks, only 6 were short listed for the regional framework, and 5 for the national. On completion of short-listing the following Contractors were successful:

National

Company
BAM Construction Ltd
Interserve Construction Ltd
Kier Construction Ltd
Willmott Dixon Construction Ltd
IHP (Reserve SCP)

Regional Lot 1 South East, Lot 2 South West & Lot 3 North

Company
BAM Construction Ltd
Interserve Construction Ltd Kier Construction Ltd
Kier Construction Ltd
Willmott Dixon Construction Ltd
Dawnus Construction Ltd (Reserve SCP)

Prior to contract execution, in February 2018, SES conducted further consultation with the Health Boards and Trusts as a consequence of uncertainty within the construction market as to the financial standing of numerous contractors.

It was determined that reserve Contractors would also be provided to improve the resilience of the service provided through the frameworks. The original requirement of the frameworks was to appoint 4 Contractors. Therefore, the 5th ranked bidder was invited to those appointments in all frameworks/lots.

3. FINANCIAL MONITORING

Since the initiation of framework agreements in NHS Wales, SES has undertaken checks on the financial standing of all Contractors appointed through the national frameworks at a Call-Off Contract stage and/or on a bi-annual basis. SES utilise Dunn & Bradstreet reports to ascertain the risk rating of Contractors.

Since the commencement of the current frameworks in July 2019, and as a consequence of the collapse of Carillion early in 2018, SES has undertaken more frequent and regular checks on all Contractors.

More specifically, fortnightly checks have been undertaken on those Supply Chain Partners that have been subject to movement in their risk rating since appointment, namely:

Interserve Construction;
Kier Construction; and
Laing O'Rourke (incumbent Contractor on DfL1 legacy contracts).

Since the refinancing package put in place by Interserve in April 2019, their recorded risk rating has improved and is now deemed satisfactory.

Kier and Laing O'Rourke also both currently record satisfactory ratings; notwithstanding the ongoing restructuring being undertaken by the Kier Group.

SES circulate the results of all financial monitoring to Health Boards and Trusts.

The collapse of Dawnus Construction this year was not foreseen. Their risk rating on 1st March was the highest attainable. However, they had entered administration within 3 weeks. This does demonstrate the lag in evidence provided by the Dunn & Bradstreet assessment although it is considered that it does provide the most up to date information available for the market.

In addition to the Dunn & Bradstreet assessments, SES are also working closely with the UK Cabinet Office through which more detailed monitoring of the construction market is undertaken. SES, on behalf of the Welsh Government, is named on the Cabinet Office's Update Register and consequently receives construction advice notes that are then distributed to NHS Wales. These notes tend to provide very specific advice in relation to individual construction companies.

SES are not aware of any known current risks with the financial standing of remaining Contractors: Willmott Dixon, Bam Construction and IHP (a consortia comprising Robert McAlpine and Vinci Construction).

4. RECOMMENDATION

The NWSSP Committee is requested to NOTE this report.

Reporting Period	May 2019 – Jun 2019	Date Completed	10/06/2019
Summary	The purpose of this report is to provide a progress update to the Shared Service Partnership Committee.	Completed By	Ian Rose

Status Update

Previous Status	Current Status	Trend since
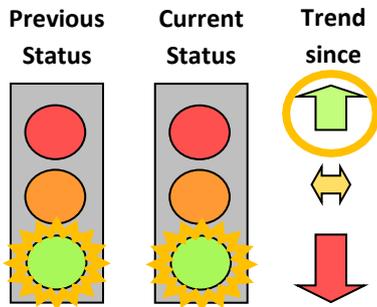
19 projects in progress.

Brexit project will be incorporated into the IP5 Programme with the next Programme Board on 1st July. This will also include subsequent projects that underpin the IP5 programme being supported by the PMO.

Project Manager interviews planned for 20/21st June

High Level Status
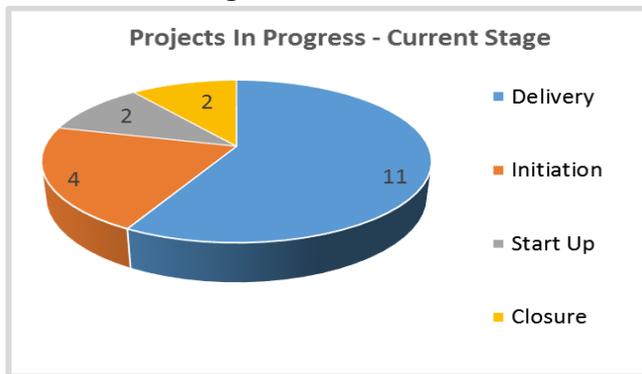
Projects in Progress – By Scope (Excl Closed)
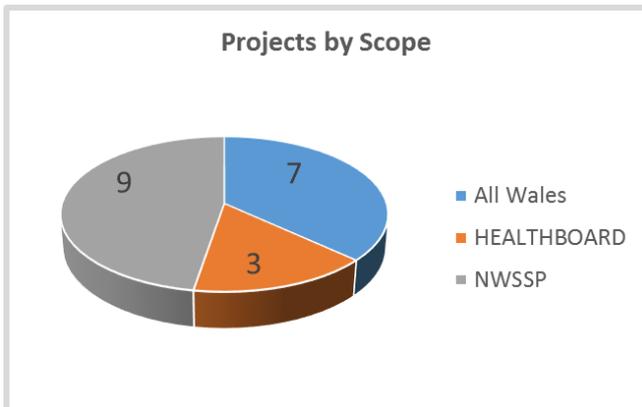
PMO In Progress Projects May 2019 – Jun 2019

Green : Project on track -Time, Cost, Scope
Amber : At risk of failing - Time, Cost or Scope
Red : Failed Time, Cost or Scope - urgent attention req'd
Blue : Closed/ Delivered or Closed/Withdrawn/Ceased
Agreed between Proj Man and Proj Exec/Lead/Proj Dir/Sro

All Wales Projects/Programmes

Name	SRO	RAG
Brexit Project	Mark Roscrow	Green
Laundry Service Review PBC	Neil Davies	Amber
Medical Examiner	Neil Frow	Green
New PMO software Requirements	Andy Butler	Green
Transforming Access to Medicines (TRAMS)	Neil Frow	Green
Welsh Government Planning Development Pathway	Simon Dean	Green
Ystadau Cymru Surveyor Development Pathway	Neil Frow	Green

Healthboard Projects/Programmes

Name		
Community Dressings SB	TBC	Green
Community Dressings AB	TBC	Green
Community Dressings CTaf	S Scott-Thomas	Green

NWSSP Specific Projects/Programmes

Name		
Cleric DR and Server Reconfiguration	Tony Chatfield	Amber
Boss System Refresh	Paul Thomas	Green
Bulk Mail	Dave Hopkins	Green
Car Club	Graham Davies	Green
NHAIS Project - Patient Registration	Dave Hopkins	Amber
Procurement Sabrecom TV	Alex Curley	Amber
Procurement Server migration	Graham Davies	Amber
Transfer of Transport Services from BCU & Powys	Tony Chatfield	Green
Transition from Cascade to Mura Internet	Andy Butler	Green

Key Planned Tasks next month / Completed Last Month

- Rebalance project workload within PMO – In progress

PMO Concerns/Issues/Risks

-

Projects On Track	**14 Projects**	⬆	🟢

- **Boss System Refresh**
- **Brexit**
- **Bulk Mail**
- **Car Club**
- **Community Wound Dressings project Cwm Taf**
- **Medical Examiner**
- **New PMO software Requirements**
- **Transfer of Transport Services from BCU & Powys**
- **Transforming Access to Medicines (TRAMS)**
- **Transition from Cascade to Mura Internet**
- **Welsh Government Planning Development Pathway**
- **Ystadau Cymru Surveyor Development Pathway**
- **Community Dressings Swansea Bay**
- **Community Dressings AB**

Projects At Risk	**5 Projects**	⬆	🟠

- **Laundry Service Review PBC –** Feedback received from Welsh Government and further work to be undertaken to refine the business case.
- **Patient Registration Workstream –-** NHAIS Programme – Progress being made with NWIS and solutions to host archived data. This is being costed and evaluated throughout May.
- **Cleric DR and Server Reconfiguration ——** Moves to allow Web interface usage of the system to be completed by end of June which will close this project on successful completion.
- **Procurement Server migration –** Progress maintained but resource participation needed within the Service to complete the project. Procurement to ensure resources are available to complete the C&V and CTM moves.
- **Sabrecom TV –** Procurement **–** Re-scoped and immediate focus on Companies House 4th Floor. Some sites such as Cwmbran transferred to the appropriate building migration project.

Projects that have Slipped	**0 Projects**	⬆	🔴

Projects awaiting assignment to a Project Manager:

None at present but a number of new projects underpinning IP5 are forecast over the next 4 to 8 weeks.

Risks and Issues

Risks - (All Risks within 16 to 25 Max Score)					
Project	**Description**	**Score**	**Mitigation**	**Status**	**Scope**
Car Club	Resources not available	16	Weekly catch up meetings instigated to maintain momentum.	Open	NWSSP
Bulk Mail	Benefits not achievable	25	SBAR created to provide alternative options.	Open	NWSSP

Summary Information

Projects covering 5 different product types.

Projects By Product — Business Process 6, Estates & Facilities, IT 2, Service Design 9, Web 1
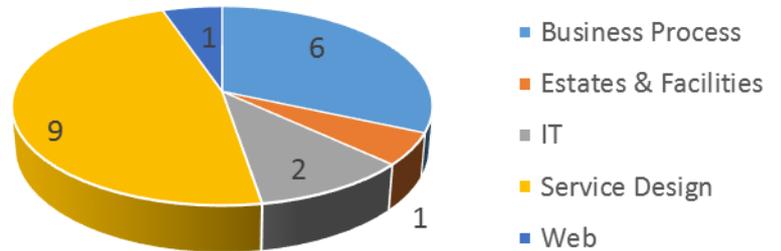
IMTP lower than 50% of overall in-progress projects.

IMTP Themes — Enhanced System and Customer support 1, Implementing Once for Wales opportunities in Service Delivery 2, Not IMTP Related 11, Once for Wales 1, Supporting the delivery of sustainable primary care 4
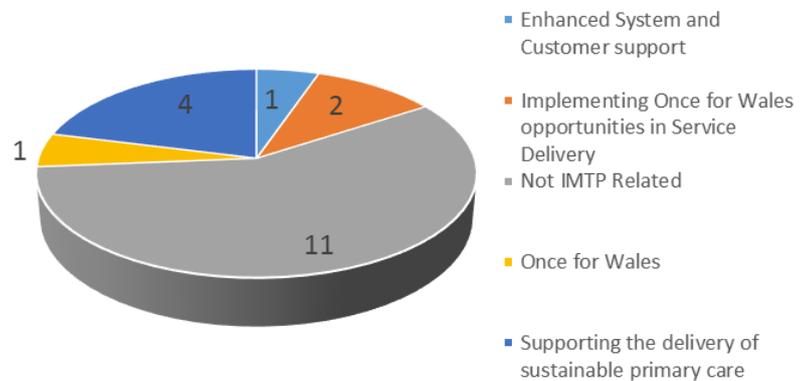
Project in Progress by Service Procurement still accounts for 33% it is anticipated that other areas will grow in 2019 such as Employment Services.

Project In Progress - Services — Finance & Corporate 26%, Procurement 53%, All Wales 5%, Primary Care 11%, Workforce 5%
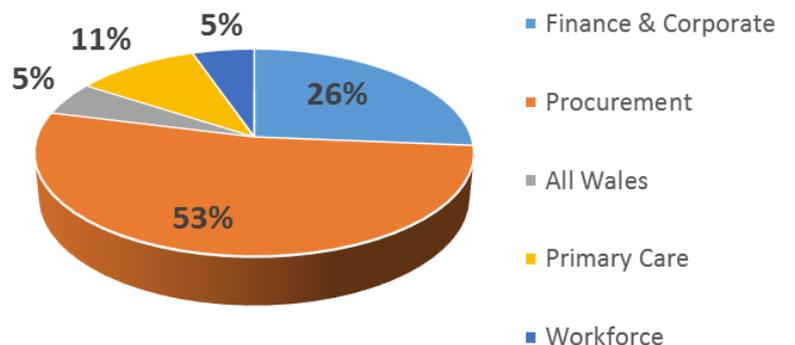
The report is not Exempt

Teitl yr Adroddiad/Title of Report

Finance, Workforce and Performance Update Report

ARWEINYDD: LEAD:	**Andy Butler, Director of Finance & Corporate Services & Gareth Hardacre, Director of WODS**
AWDUR: AUTHOR:	**Finance and Workforce Team**
SWYDDOG ADRODD: REPORTING OFFICER:	**Andy Butler, Director of Finance & Corporate Services**

Pwrpas yr Adroddiad: Purpose of the Report:

The purpose of this report is to provide the SSPC with an update on finance, workforce and performance matters within NWSSP as at 31st May 2019.

Llywodraethu/Governance

Amcanion: Objectives:	**Value for Money -** To develop a highly efficient and effective shared service organisation which delivers real terms savings and service quality benefits to its customers. **Excellence** - To develop an organisation that delivers process excellence through a focus on continuous service improvement, automation and the use of technology. **Staff** - To have an appropriately skilled, productive, engaged and healthy workforce.
Tystiolaeth: Supporting evidence:	-

Ymgynghoriad/Consultation :

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ APPROVE		**ARNODI/ ENDORSE**		**TRAFOD/ DISCUSS**		**NODI/ NOTE**	**√**
Argymhelliad/ Recommendation	The Committee is asked to: 1. Note the financial position to 31st May 2019 2. Note the significant level of professional influence benefits generated by NWSSP to 31st May 2019. 3. Note the performance against the High level key performance indicators to 31st May 2019. 4. Note the workforce data for the period. 5. Note the content of this update and seek further information if required.						

Crynodeb Dadansoddiad Effaith: **Summary Impact Analysis:**	
Cydraddoldeb ac amrywiaeth: **Equality and diversity:**	No direct Impact
Cyfreithiol: **Legal:**	No direct Impact
Iechyd Poblogaeth: **Population Health:**	No direct Impact
Ansawdd, Diogelwch a Profiad y Claf: **Quality, Safety & Patient Experience:**	No direct Impact
Ariannol: **Financial:**	Distribution to NHS Wales
Risg a Aswiriant: **Risk and Assurance:**	Consolidation of Financial & Workforce Risk
Safonnau Iechyd a Gofal: **Health & Care Standards:**	No direct Impact
Gweithlu: **Workforce:**	No direct Impact
Deddf Rhyddid Gwybodaeth/ FOIA	Open

Finance, Workforce and Performance Update Report

INTRODUCTION

This report provides an update regarding:

- Cumulative Financial Position to 31st May 2019
- High Level Performance indicators to 31st May 2019
- Workforce Information to 31st May 2019

NWSSP Financial position – Month 2

NWSSP reported a breakeven position at the close of Month 2.

The income and expenditure position for the month period to 31st May 2019 can be summarised as follows:

	Annual Budget £000	YTD Budget £000	YTD Expend £000	YTD under/ overspend £000
Audit & Assurance Services	2,743	447	434	-13
Procurement Services	16,917	2,804	2,778	-26
Health Courier Services	712	130	72	-58
SMTL	689	107	113	6
Stores	0	26	26	0
Employment Services	10,283	1,739	1,708	-31
Primary Care Services	11,419	1,878	1,804	-74
Legal & Risk Services	2,560	440	436	-4
WIBSS	0	0	0	0
Welsh Risk Pool Services	507	87	87	0
Specialist Estates Services	2,996	511	475	-36
E-Business Central Team Services	906	13	13	0
Counter Fraud Services	447	75	75	0
Corporate Services	1,319	222	218	-4
Corporate IT Support/RPA	1,495	250	230	-20
PMO/TRAMS	292	48	45	-3
Accommodation	2,423	404	387	-17
Finance	932	155	131	-24
Finance Academy	428	57	55	-2
Welsh Language	134	22	21	-1
GP Training Scheme	0	0	0	0
Workforce & OD/WFIS/ESR/TEL	1,591	268	247	-21
Salary Sacrifice	-30	-5	-6	-1
ESR Enhanced	-60	0	0	0
Distribution	-750	0	0	0

There is currently an underspend against budget for the period to 31st May 2019 of £329k, the majority of which is due to underspend against pay budgets caused by vacancies.

It was agreed at the previous Partnership Committee meeting that the costs associated with the Laundry and TRAMS project would represent the first call on accumulated savings achieved during the year.

NWSSP Professional Influence benefits

The main financial benefits accruing from NWSSP relate to professional influence benefits derived from NWSSP working in partnership with Health Boards and Trusts. These benefits relate to savings and cost avoidance within the health organisations.

The benefits, which relate to Legal Services, Procurement Services and Specialist Estates Services can now be allocated across health organisations for all areas other than construction procurement. This is not possible for construction procurement due to the mechanism utilised to capture the data. Detail for health boards and trusts is reported in the individual performance reports issued to health organisations quarterly.

The indicative financial benefits across NHS Wales arising in the period April - May 2019 are summarised as follows:

Service	YTD Benefit £m
Specialist Estates Services *	0.451
Procurement Services	14.306
Legal & Risk Services	9.363
Total	**24.120**

* Specialist Estates Professional Influence figure only includes Lease Management, as the Design for Life: Building for Wales Framework data is only available from August onwards.

PERFORMANCE

Performance Reporting – to Health Boards and Trusts

NWSSP performance reports continue to be produced and distributed on a quarterly basis. The Quarter 1 reports are being prepared and will be distributed shortly. These reports will reflect the ongoing developments in NWSSP performance reporting and incorporate feedback received to date.

Additionally, high level KPI data relating to the performance of each service for all Wales is detailed in the table below. This provides data for May 2019 (unless otherwise stated) along with comparison to the previous 2 periods.

KEY FINANCIAL TARGETS

The table below provides a summary of key financial indicators for consideration.

Financial Position and Key Targets	Target		Position at 30-Apr	Position at 31 May
Financial Position – Forecast Outturn	Break even	Monthly	Break even	Break even
Capital financial position	Within CRL	Monthly	On Target	On Target
Planned Distribution	£0.750m 19/20	Annual	£0.75m	£0.75m
NWSSP Non-NHS PSPP %	95%	Cumulative	98%	98%
NWSSP NHS PSPP	95%	Cumulative	Not Avail	64%

It should be noted that although the Public Sector Payment Policy does not officially apply to the payment of NHS invoices, Welsh Government have been pushing to ensure that payments to other NHS bodies are made within 30 days against the 95% target. As such, a target has been included above to show performance against this target.

The finance team are now pushing to ensure that payments of invoices to other NHS bodies are made within 30 days of the invoice date, however it is clear to see that performance in May is some way below the 95% target, although the performance in June is much improved at 100%.

KEY PERFORMANCE MEASURES

The table below provides a summary of key performance indicators for consideration.

High Level - KPIs May 2019 (unless stated otherwise)	Target		Position at 28-Feb	Position at 31-Mar	Position at 30-Apr	Position at 31-May
Internal Indicators						
Corporate						
Aged Debts in excess of 11 weeks – Value	<£100k	Monthly	£137k	£72k	£342k	£147k
NHS Debts in excess of 17 weeks – Value	0	Monthly	£13k	£0k	£0k	£11k
Variable Pay – Overtime	<£43k	Monthly	£39k	£44k	£58k	£58k
Agency % to date	<0.8%	Cumulative	0.92%	1.18%	0.45%	0.65%
NWSSP Org KPIs Recruitment						
Time to Approve Vacancies	10 days	Monthly	12.3 days	15.2 days	11.5 days	14.6 days
Time to Shortlist by Managers	3 Days	Monthly	12.9 days	7.4 days	7.4 days	8.5 days
Time to notify Recruitment of Interview Outcome	3 Days	Monthly	4.8 days	4.9 days	4.7 days	3 days
Website & Social Media Reach						
Internet hits per month	>100k	Monthly	87k	109k	133k	123k
Intranet hits per month	>75k	Monthly	95k	99k	106k	98k
Twitter Followers		Cumulative	2,555	2,611	2,627	2,665
Twitter New Followers	35	Monthly	52	52	40	38
Tweet Impressions	20k	Monthly	23.3k	18.5k	17.9k	21.1k
Tweets	20	Monthly	16	21	29	29
Professional Influence						
Professional Influence Savings	£75m annual target	Cumulative	£102m	£110m	Not Available	£24.12m
Procurement Services						
Procurement savings *Current Year	£14.261m 19/20	Cumulative	£30.841m	£31.205m	Not Available	£14.307m
All Wales PSPP – Non-NHS	95%	Quarterly	Reported Quarterly	95.9%	Reported Quarterly	Reported Quarterly
Accounts Payable % Calls Handled (South)	95%	Monthly	Not Available	98.6%	96.3%	98.3%
Employment Services						
Payroll accuracy rate (Added Value)	99%	Monthly	99.50%	99.75%	99.69%	99.81%
All Wales Org KPIs Recruitment						
Time to Approve Vacancies	10 days	Monthly	9.5 days	10.3 days	10 days	9.5 days
Time to Shortlist by Managers	3 Days	Monthly	7.1 days	6.2 days	7.7 days	7.9 days
Time to notify Recruitment of Interview Outcome	3 Days	Monthly	3.1 days	4.0 days	4.3 days	3.7 days

All Wales Org - NWSSP KPIs recruitment element						
Time to Place Adverts	2 days	Monthly	1.6 days	1.7 days	1.5 days	1.3 days
Time to Send Applications to Manager	2 days	Monthly	1.1 days	1.1 days	1.0 day	1.0 day
Time to send Conditional Offer Letter	4 days	Monthly	3.7 days	3.6 days	3.2 days	3.4 days
Recruitment % Calls Handled		Monthly	99.3%	99.5%	99.1%	98.6 days
Primary Care Services						
Payments made accurately and to timescale	100%	Monthly	100%	100%	100%	100%
Prescription - keying Accuracy rates (Feb)	99%	Monthly	99.90%	99.80%	99.55%	99.73%
Internal audit						
Audits reported % of planned audits	3%	Cumulative	67%	79%	98%	3%
Report turnaround management response to draft report [15 days]	80%	Cumulative	67%	68%	68%	100%
Report turnaround draft response to final reporting [10 days]	80%	Cumulative	100%	100%	99%	100%
Legal and risk						
Timeliness of advice acknowledgement - within 24 hours	90%	Monthly	100%	100%	98%	100%
Timeliness of advice response – within 3 days or agreed timescale	90%	Monthly	100%	100%	100%	100%
Welsh Risk Pool						
Acknowledgement of receipt of claim	100%	Monthly	No Committee	100%	No Committee	100%
Valid claims received within deadline processed in time for next WRP committee	100%	Monthly	No Committee	100%	No Committee	100%
Claims agreed paid within 10 days	100%	Monthly	No Committee	100%	No Committee	100%

Capital Update

The NWSSP 2019/20 discretionary capital expenditure has been confirmed as £0.600m. As part of the IMTP planning process Services have identified their capital requirements.

These requirements have been assessed and prioritised and discussed at meetings of the Capital Planning Group. This report summarises the proposed allocation of these funds between services in 2019/20.

Allocation of Funds

As part of our IMTP submission, an increased discretionary capital allocation of £1.000m had been assumed however Welsh Government have not supported this increased funding as originally hoped.

In addition we requested a further £3.6m in our IMTP for specific capital projects. These projects are being reviewed, particularly in the light of IP5 and discussions with Welsh Government are ongoing.

The table above reflects the projects included in the IMTP submission made in January 2019. There will be an impact on a number of these proposed schemes as a result of developments since the submission, primarily in relation to the purchase of IP5. In addition, there is also a significant level of capital funding required for IP5, the breakdown of which has been submitted to Welsh Government during June 2019.

Welsh Risk Pool

As at the end of Month 2 total of **£16.8m** has been utilised by the WRPS and a detailed breakdown is provided below with the 2018/19 comparator.

Expenditure type	Position as at M2 18/19 £m	Position as at M2 19/20 £m
Claims reimbursed & WRP Managed Expenditure	9.521	0.158
Periodical Payments made to date	0.531	0.646
Redress Reimbursements	0.00	0.121
EIDO – Patient consent	0.062	0.000
Movement on Claims Creditor	(2.252)	15.842
Year to date expenditure	**7.862**	**16.767**

The forecast is based on the current PIDR of -0.75%. The rate will change by early August and a revised forecast calculated. As in previous years, the focus remains on cases where there are expected cash flows in year above £200K.

The current forecast shows a range of outturns between £100m to £122m with the most likely outcome being approximately £110m. The modelling indicates that the Risk Sharing Agreement may need to be invoked this year, with a share of £3.7m being charged to Health Boards and Trusts at the end of the financial year.

However, the forecast will change significantly; following the change to the PIDR in August and as the year progresses, the accuracy of the forecast will be strengthened, as more detailed and time relevant information become available relating to progress with individual cases. Therefore, the current forecast should be viewed as a high-level indicator for now.

Based on current PIDR the 5-year DEL and AME forecasts are set out below:

DEL

2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
110.210	**114.670**	**117.140**	**119.630**	**121.770**

AME

2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
75.025	**70.565**	**68.095**	**65.605**	**63.465**

Redress expenditure for 2019/20 is expected to exceed the £1.259m annual funding allocation. The 'funding gap' will be met by available DEL resource in the first instance and any further excess from the Welsh Government. It is important to highlight that the current funding arrangement will end after 2020/21. After that, savings associated with the expected increase in redress activity should release funds from the core allocation and provide sufficient cover for any redress overspend.

A summary of the key risks associated with the above forecast is set out below:
• Identifying and estimating the timing of settlements for individual high value cases to be included in the forecast for this year;

• Identification of core growth vs PIDR impact as each are funded via separate funding streams;

• The uncertainty of the cost impact of the change to the PIDR rate.

• Further complexities will arise following the PIDR change if, a range of discount rates are introduced for different life expectancies. Shorter life expectancies would have a higher discount rate and therefore lower multipliers applied, reflecting the lower inflationary cost of the settlement for providing for fewer years.

WORKFORCE INFORMATION

Summary

NWSSP Workforce Performance Summary Dashboard
June 2019

Analysis is showing data for: | NWSSP Overall | ▼

Staff in Post by Headcount		in-month Sickness		12 Month Sickness	
2157		**4.29%**		**4.06%**	
Last Month	Change	Last Month	Change	Previous Year	Change
2158	-1 ▼	4.47%	-0.18% ▼	3.63%	0.43% ▲

Key

- 🟩 Meeting or exceeding target
- 🟨 On course for target
- 🟥 Off target
- ⬜ No target set
- ▲ Positive change
- ▲ Negative change
- ▲ Change not measured

% Absence Recorded Within 7 Days	PADR Compliance	CSTF Compliance
74.40%	81.22%	95.00%

Turnover (12 Months)		Starters by Headcount (12 Months)	Leavers by Headcount (12 Months)
11.66%		**234**	**194**
Previous Year	Change		
10.47%	1.20% ▲		

NWSSP Staff in Post

The table below outlines the directly employed contracted full time equivalent (FTE) and headcount figures for NWSSP as at 31st May 2019:

Column1	Headcount April 2019	Headcount May 2019	FTE April 2019	FTE May 2019	Headcount Change +/-	Headcount Change +/- %
Audit & Assurance Section	56	55	53.21	52.63	-1.00 ▼	-1.82%
Corporate Section	49	48	47.46	46.46	-1.00 ▼	-2.08%
Counter Fraud Section	7	7	7.00	7.00	0.00	0.00%
Digital Workforce Solutions Section	13	14	13.00	14.00	1.00 ▲	7.14%
E-Business Central Team Section	13	12	11.12	10.12	-1.00 ▼	-8.33%
Employment Section	355	354	324.87	323.23	-1.00 ▼	-0.28%
Finance Section	21	21	19.92	19.92	0.00	0.00%
GP Trainees Section	439	436	395.10	392.10	-3.00 ▼	-0.69%
Legal & Risk Section	104	104	95.27	95.31	0.00	0.00%
Primary Care Section	309	307	283.45	281.41	-2.00 ▼	-0.65%
Procurement Section	704	710	667.94	673.54	6.00 ▲	0.85%
Specialist Estates Section	43	44	42.00	42.71	1.00 ▲	2.27%
Surgical Materials Testing (SMTL) Section	21	21	19.52	19.52	0.00	0.00%
Welsh Employers Unit Section	4	4	3.80	3.80	0.00	0.00%
Workforce & OD Section	20	20	19.32	19.32	0.00	0.00%
NWSSP Overall	**2,158**	**2,157**	**2,002.99**	**2,001.07**	**-1.00 ▼**	**-0.05%**

The change of headcount and FTE is attributable to starters, leavers and change of assignments from bank to substantive employees.

NWSSP Overall Headcount Trajectory

The graph below shows the rolling 12-month headcount trajectory compared to the same period the previous year.

NWSSP Overall Headcount Trajectory
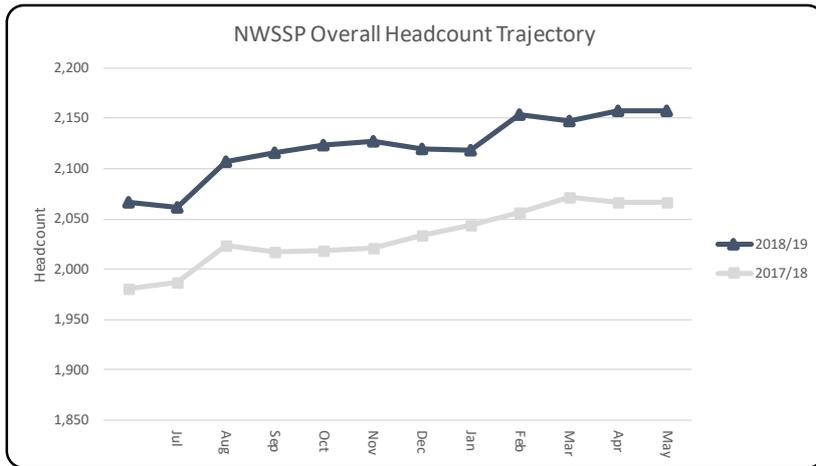
Headcount by Month												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
2018/19	2,067	2,062	2,107	2,116	2,123	2,127	2,120	2,118	2,154	2,148	2,158	2,157
2017/18	1,980	1,987	2,024	2,017	2,019	2,021	2,034	2,044	2,056	2,071	2,067	2,067

The significant increase in headcount in the months of August and February is attributable to the appointment of GP Trainees to NWSSP under the single lead employer scheme. The decrease in headcount in October 2018 is attributable to the TUPE transfer out of WEDS from NWSSP into Health Education Improvement Wales (HEIW).

Staff Turnover

The graph below 2018. GP Trainees and Bank workers are excluded from this information:

NWSSP Staff Turnover Overall

12 Month Starters & Leavers

	2018 / 06	2018 / 07	2018 / 08	2018 / 09	2018 / 10	2018 / 11	2018 / 12	2019 / 01	2019 / 02	2019 / 03	2019 / 04	2019 / 05
Starters (Headcount)	14	25	15	30	23	16	6	18	22	13	36	15
Leavers (Headcount)	-14	-25	-18	-40	-9	-11	-14	-11	-7	-21	-12	-15
Cumulative Headcount	0	0	-3	-13	1	6	-2	5	20	12	36	36
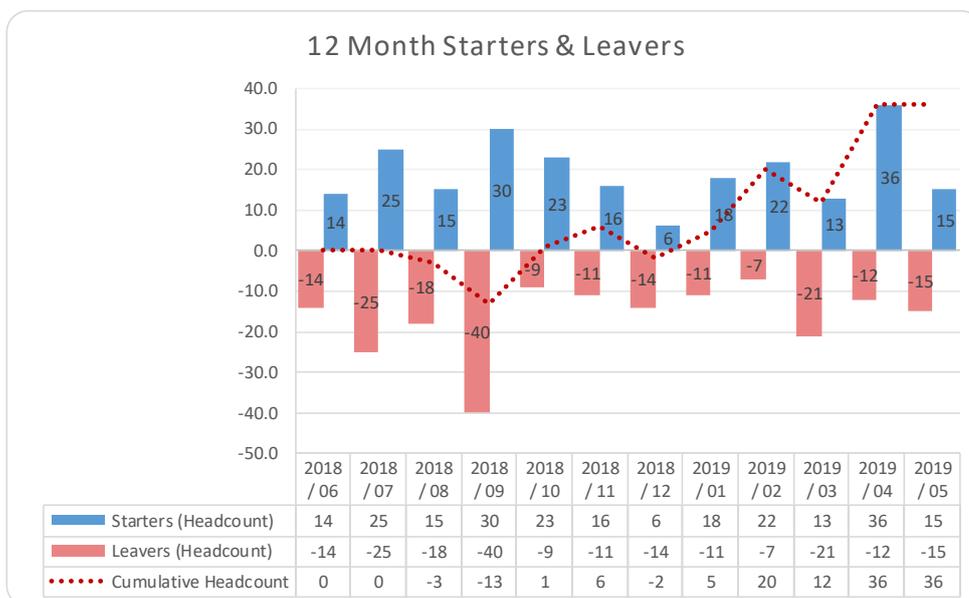
The turnover rate for NWSSP from 1st June 2018 to 31st May 2019 is **11.66% %** compared to **10.47%** for the same period last year.

These figures do not reflect internal movement and turnover within NWSSP, or GP Trainee and Bank turnover.

NWSSP Leavers Voluntary Vs Non Voluntary for 12 Months - 1st June 2018 - 31st May 2019

Non Voluntary Resignations		Voluntary Resignations		Retirement	
Death in Service	3	Voluntary Resignation - Better Reward Package	8	Voluntary Early Retirement - with Actuarial Reduction	4
Dismissal - Capability	5	Voluntary Resignation - Health	4	Flexi Retirement	8
Dismissal - Conduct	1	Voluntary Resignation - Incompatible Working Relationships	1	Retirement - Ill Health	2
Employee Transfer	24	Voluntary Resignation - Lack of Opportunities	0	Retirement Age	27
End of Fixed Term Contract	6	Voluntary Resignation - Other/Not Known	23		
End of Fixed Term Contract - Completion of Training Scheme	2	Voluntary Resignation - Promotion	44		
End of Fixed Term Contract - Other	0	Voluntary Resignation - Relocation	10		
Dismissal - Some Other Substantial Reason	0	Voluntary Resignation - To undertake further education or training	9		
		Voluntary Resignation - Work Life Balance	14		
		Mutually Agreed Resignation - Local Scheme with Repayment	0		
		Voluntary Resignation - Adult Dependants	1		
		Voluntary Resignation - Child Dependants	1		
Total	**41**		**115**		**41**
Grand Total	**197**				

Of **197** staff that left the organisation during this, period **115** staff terminated because of a voluntary resignation, equivalent to **63%** of all terminations.

15 staff terminated in May 2019. A summarised analysis of leaving reasons for those staff terminating is detailed in the table overleaf.

Leavers for 1 Month - 1st May 2019 - 31st May 2019

Leaving Reason	Headcount
Flexi Retirement	1
Retirement Age	5
Voluntary Resignation - Other/Not Known	4
Voluntary Resignation - Promotion	3
Voluntary Resignation - Relocation	1
Voluntary Resignation - Work Life Balance	1
Total	15

Sickness Absence

The chart below shows the average sickness absence rate for NWSSP for 12 months from 1st June 2018 to 31st May 2019

NWSSP's target is 3.30% in line with the Welsh Government target of reducing sickness absence by 1%.

The in-month sickness absence rate for May 2019 was **4.29%**, which is a **0.14% decrease** from the final March position:

Our sickness trend data is a cause for concern, as we have remained above target of 3.3% throughout the year. Actions currently being undertaken to reduce sickness include-

- Using the Business Intelligence (BI) tool and Workforce Performance dashboard to address hot spots and areas where there are high level of sickness.
- Using the BI to identify managers and contacting to see if they require support
- Ongoing coaching and advice for management of complex STS and LTS cases.
- The implementation of people management training programme to provide managers with the right skills to approach difficult conversations
- Development of a Mental Health First Aid Advisor role to support and signpost staff who are struggling to cope whilst in work and prevent them going off sick (pilot in one area with a view to roll out if successful)
- Less stress, personal resilience, mindfulness half day courses for staff
- Working towards Corporate Health Standard
- MAA Training and Working in partnership with TU reps in relation to the delivery of training

- Mediation service – for workplace conflict and stress at work
- aligning approaches to flexible working, re-deployment and other workplace policies to ensure that they support the aims of supporting staff in work
- Implementation the NHS Wales Menopause Policy
- The implementation of a NWSSP's Employee Health and Well Being Strategy Group Key objectives of this group will include:-
  - Ensuring that staff health and wellbeing remain a key focus across the organisation.
  - Enabling a platform for health and wellbeing to be discussed openly and fairly.
  - Leading and co-ordinating the development of staff health and well-being.
  - Supporting NWSSP's commitment to the health and wellbeing of its employees.
  - Providing a high-level strategic and fresh approach to improving staff health and wellbeing and managing attendance at work across Shared Services.

<u>Cumulative Absence</u>

Absence % (FTE)	Abs (FTE)	Avail (FTE)
4.06%	29,232.55	719,670.24

Month	Absence % (FTE)	Abs (FTE)	Avail (FTE)
2018 / 06	3.85%	2,229.30	57,882.29
2018 / 07	3.92%	2,343.69	59,797.51
2018/08	3.81%	2,327.66	61,088.31
2018/09	3.76%	2,227.45	59,271.88
2018/10	3.78%	2,304.85	60,967.96
2018/11	3.53%	2,086.62	59,101.85
2018/12	4.15%	2,529.42	60,930.56
2018/01	4.28%	2,610.41	60,998.92
2019/02	4.46%	2,482.52	55,671.30
2019/03	4.43%	2,743.46	61,867.13
2019/04	4.47%	2,681.14	59,981.22
2019/05	4.29%	2,666.03	62,111.30

Last 2 months in-month Varience	-0.18%

The graph below shows the 12-month trend in Long Term versus Short Term Sickness absence for the period 1st June 2018 to 31st May 2019:

Long Term/ Short Term Sickness Absence Timeline

	2018 / 06	2018 / 07	2018 / 08	2018 / 09	2018 / 10	2018 / 11	2018 / 12	2019 / 01	2019 / 02	2019 / 03	2019 / 04	2019 / 05
Long Term Absence FTE %	3.17%	3.13%	3.01%	2.80%	2.48%	2.57%	2.95%	2.89%	3.27%	3.30%	3.43%	2.89%
Short Term Absence FTE %	0.68%	0.79%	0.80%	0.96%	1.30%	0.96%	1.20%	1.39%	1.19%	1.14%	1.04%	1.40%
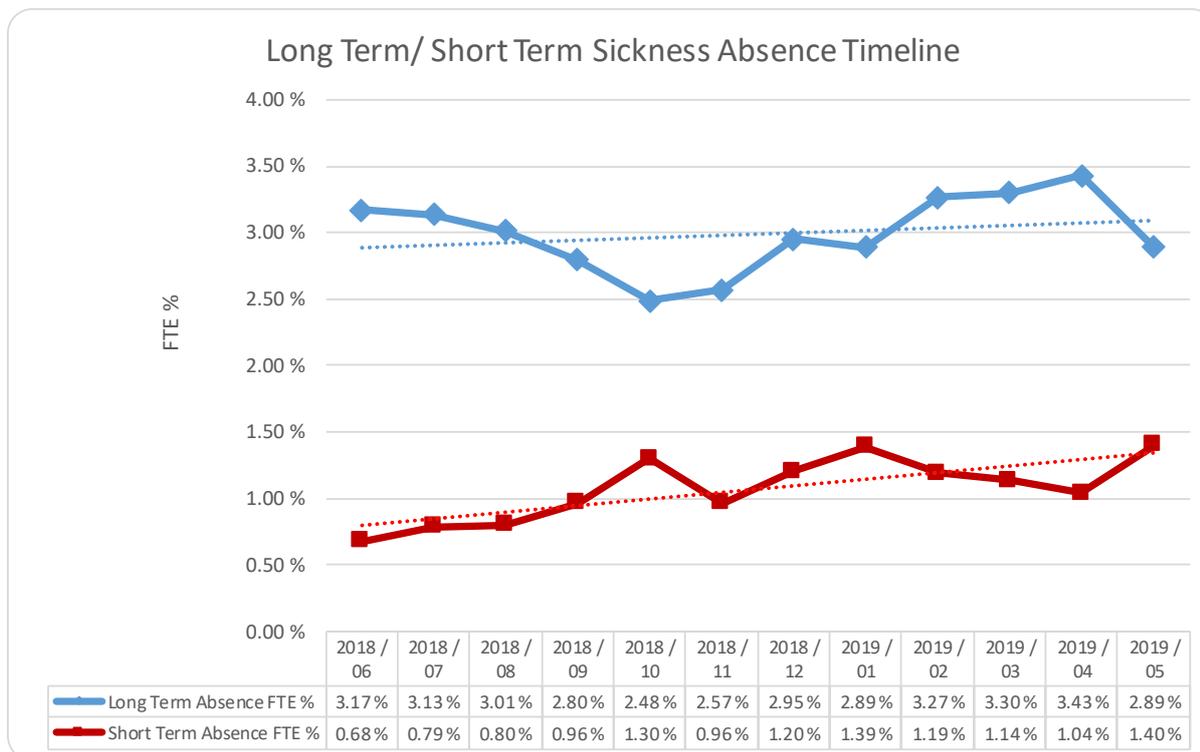
RECOMMENDATIONS

The Shared Service Partnership Committee is requested to note:

- The financial position reported to 31st May 2019.
- The significant level of professional influence benefits generated by NWSSP to 31st May 2019.
- The performance against the high level key performance indicators.
- The workforce data for the period.

TEMPLATE

Quarter 1 - Reporting Proforma for NHS Planning 2019-20

Name of Organisation	NHS WALES SHARED SERVICES PARTNERSHIP
Director of Planning	ANDY BUTLER
Submission date:	5 JULY 2019

Include RAG Status in quarter just completed and the next quarter ahead

R	Milestones not achieved or off profile to achieve in the period: corrective action required or new milestones to be agreed
A	Milestones off profile to achieve in the period: corrective action can be taken to achieve within the agree timeline.
G	Milestones achieved or on profile to achieve in the period: maintain trajectory

Please evidence below how your organisation is delivering its specific accountability conditions and raise any other matters by exception. This template must be submitted to HSS-PlanningTeam@gov.wales quarterly. The deadline date for quarter 1 is below:

Quarter 1 – 5 July 2019

Accountability Conditions	
Specific conditions	**Evidence**
Work closely with NHS organisations to better understand how issues and priorities are identified, how benefits are delivered and how outcomes can be systematically measured.	NWSSP works with its partners and customers to understand their requirements, issues and priorities across all levels of the organisation through regular general engagement and through a more a targeted approach for specific projects. The Shared Services Partnership Committee (SSPC) Chair and NWSSP Managing Director meet individually with all Health Boards and Trusts to monitor and discuss performance. This allows the opportunity to raise discuss local issues and priorities, in addition to All Wales developments. The SSPC currently receives a regular report detailing finance and operational performance that includes a broad range of outcome measures and KPIs drawn from the IMTP; we use a RAG rating to measure progress and highlight required action. Members of the SSPC then have the opportunity to challenge NWSSP on specific issues and agree a clear plan of action to prioritise future work. Performance and areas for improvement is a standing agenda item for SSPC meetings. We prepare and issue comprehensive quarterly performance reports to each Health Board and Trust identifying priority areas and areas for improvement. This report also highlights how individuals Health boards compare with others in Wales. These reports form the basis of the regular Executive-to-Executive performance meetings with each Heath Board and Trust. The DoF and WoD usually attend from each Health Board and Trust. Heads of Divisions within the organisation also work in partnership on a day-to-day operational level with local Health Board and Trust teams to deliver agreed services and develop service improvements and continuous improvement. We tailor this engagement to meet the requirements of local service managers. When we introduce new service developments, we implement a targeted approach to engagement. We have delivered a wide range of roadshow/workshops/drop in session activities with individual organisations. We also invite scrutiny and independent assessment from external organisations such as compliance with customer service excellence standards. This offers us a comparator with the performance of organisations outside the NHS and outside of Wales. Our customers and partners take part in these independent assessments. We are also engaged in a number of specialist All Wales groups; examples include:

- All NHS bodies attend the All Wales P2P group; this has resulted in a significant improvement and efficiencies in the P2P process.
- Counterfraud steering group has led to the development of an All Wales Counterfraud Strategy and led to significant improvements in the quality of Counterfraud arrangements.
- All Wales salary sacrifice group where NWSSP has introduced a lease car salary sacrifice scheme and generated savings in Health Boards and Trusts.

Internally within the organisation, the NWSSP Senior Management Team also uses a regular finance and operational performance report for monitoring purposes. We also use a quarterly performance review process, where senior members of the SMT scrutinise and hold to account individual divisions on their service delivery.

We engage actively with the All Wales Efficiency Board, attended by the Managing Director and Director of Procurement. This has proved to be a valuable platform in identifying potential benefits at an All Wales level, where NWSSP has taken the lead in taking forward and implementing successfully Once for Wales solutions.

Targeted work planned for 2019/20 to strengthen our approach and provide greater transparency and improve understanding includes:

- Develop further the role of our Programme Management Office (PMO) to implement a consistent approach across all Divisions on our management of service change and implementation of new service developments.

  A key component to this work is the introduction of clear gateway reviews that document, review and validate the planned outcomes and benefits: at the initial scoping stage of a piece of work and throughout the lifecycle of the project. We have already been using this approach in a number of projects e.g. IP5, TRAMs, which is why we are rolling it out more widely this year.

  This will enable us to share with partners, more real time information on the benefits and outcomes of specific projects, and apply learning and good practice to future work.

- A review of our performance management framework; comparing to external good practice within and outside the NHS.

  We are looking at all our existing KPIs to ensure they remain relevant and strike the right balance between qualitative and quantitative measures. We

	will be working with partners as part of this work.
	This review also includes building on our existing quarterly review arrangements including scrutiny and discussion of benefits realisation and discussion of longer-term investment decisions as standing agenda items.
	The intention then is to develop trend analysis that we can track outcomes over medium and longer term; and use the intelligence as comparative benchmarks for considering future new service developments.
	• We have planned for internal audit to undertake reviews of performance management and strategic planning arrangements during 2019/20.
Work with NHS organisations to identify opportunities to prioritise the re-investment of savings based on local priorities, including the provision of clarity on the benefits of such re-investment, rather than distributing savings to NHS bodies	NWSSP currently uses an agreed methodology to redistribute savings back to Health Boards and Trusts, or reinvested back into NWSSP services. We report this information regularly to the SSPC, and a report provided to the All Wales DoF group through the NWSSP Director of Finance. Other Division leads also provide updates on NWSSP activities through All Wales Peer group meetings e.g. WoDs group.
	Through the SSPC, we identify opportunities to utilise any additional savings to support All Wales projects. An example would be agreement at the latest meeting in May to utilise savings of approx. £400k to support the development of the TRAMs and Laundry project business cases.
	We report in our IMTP and Annual Review examples of specific benefits, using a case study approach e.g. cash releasing and professional influence savings.
	We also work in partnership with individual organisations where there may be specific initiatives they wish to re-invest savings locally. This can have wider benefits for other Health boards where we can then consider rolling out a local initiative to others e.g. the All Wales enablement service within Employment Services, first developed within Betsi Cadwaladr University Health Board. There is scope to do more of this by scaling up and rolling out more widely, where it does not impinge upon the All Wales benefits that a standardised operating model approach achieves.
	Examples this year so far include:
	Hywel Dda University Health Board: Procurement Nurse appointed to support

engagement and collaboration activity. Having a Procurement Nurse has helped with:

- Delivering clinical input and insight on procurement matters with clinical teams within the Health Board. A good example being facilitating clinical evaluations within Withybush Theatres on an orthopaedic hip prosthesis, delivering clinical and cost benefits to the Health Board.
- Acting as a clinical bridge into major Health Board projects (e.g. replacement and roll-out of standardised Dynamic Mattresses). Working with clinical procurement lead, Health Board Tissue Viability Nursing staff, the supplier and procurement.
- Adding a clinical voice and linking with Heath Board clinicians on All Wales clinical procurement projects.
- Delivering clinical procurement input to the Medical Devices Group within the Health Board and managing equipment alerts with the Clinical Engineering function.

Betsi Cadwaladr University Health Board and Welsh Ambulance Service NHS Trust and Powys Health Board: To address need for savings and audit findings. This is a joint agreement to reinvest the NWSSP annual savings return on a recurring basis to set up an estates procurement team. The three target areas in phases are:

- to initially facilitate capital programme expenditure.
- to work with the function to educate and enforce SFI compliance.
- to explore revenue savings.

In Cwm Taf Morgannwg, we have agreed to provide additional support in Procurement services following the Bridgend Boundary Change.

Introduction of a summarising service for GP's across Wales in the Primary Care Services Team to help support the sustainability agenda for practices.

The SSPC's agreement at its May 2019 meeting to fund the Laundry Services Review Programme Management costs from retained savings during 2019/20 and 2020/21 to help deliver annual estimated savings of circa £2.0m.

We continue to be flexible and responsive to the changing demands of NHS Wales, by developing / supporting the implementation of new services such as the Medical Examiners Unit, the new GP indemnity Scheme, Redress Scheme, and Student Streamlining. We are currently working in partnership to prepare for lead employer arrangements for Dental and Pharmacy trainees.

	We need to ensure that we strike the balance between maintaining high qualitative standards and continuous improvement on core services whilst responding to the needs of the service to implement change. We are continuing to improve the effectiveness of our project management arrangements in place to identify clearly qualitative benefits and where applicable cash releasing savings. The targeted work we have planned for 2019/20 will also improve our ability to report on individual projects by adopting the consistent benefits assessment process.

The headings below encompass generic conditions set out in your accountability letter. These can be completed at your liberty. Issues defined by your organisation as 'by exception' should be included.

Quality - by exception
- Continue to prioritise, strengthen and realise the benefits of quality services through your commissioning and partnership arrangements, agreements and plans.

- As an example our Audit and Assurance division has started with Audit Committee Chairs and Board Secretaries to develop a more quality/impact based set of KPIs. We are increasing the use of our staff across a wider range of organisations to develop skills and knowledge and appropriately share learning/good practice/key risks.

  We are changing the focus of our capital audit work building on the approach we have adopted at The Grange Hospital. Audits are now shorter, focussed on key milestones/aspects of the capital developments, and are phased over the life of the contract/build. An element of the work is also advisory support rather than opinion based audit. We are putting in place programmes for Prince Charles Hospital and the new Velindre Cancer Centre and others are in development.

Collaboration (including RPB priorities) - by exception

Performance - by exception
- Ensure the Partnership works to develop your service delivery and monitoring processes, ensuring that KPIs are ambitious and clear.
- Continue to support the development of measurable outcomes to reflect the work of shared services in relation to Primary Care.
- Continue to reduce the nurse recruitment period.

- As set out above, we have plans in place to review our performance management framework during 2019/20.

- We have a number of strands of work that are now supporting delivery of services in primary care over and above the services of our core primary care division including employment services and legal risk services. We are currently developing the measures for these new services and will provide more information in Qtr. 2.

- We are continuing to support HBs through the hire to retire programme to streamline the recruitment timelines and processes including recruiting for nurses. The new measure implemented in 2017 'from notice received to vacancy submitted for approval' for the Nursing and

Midwifery Staff Group is averaging between 40-44 days across NHS Wales. The average time to recruit from vacancy submitted to pre-employment checks completed for the Nursing and Midwifery Staff Group was 72.2 days in May 2019.

Additionally:
- NWSSP Legal and Risk Services (L&R) was commissioned by Welsh Government to operate the discretionary state-backed Scheme for General Medical Practice Indemnity (GMPI), which came into force on 1 April 2019 and provides clinical negligence indemnity for providers of GP services in Wales. The aim of the Scheme is to provide a more stable and affordable indemnity system for General Practice and to help to ensure that GP recruitment and cross border activity will not be adversely affected by different Schemes operating in England and Wales.

  L&R have a dedicated team of skilled solicitors in place to deal with the GMPI helpline queries and to manage the clinical negligence claims brought. As with all claims, the L&R team aims to resolve any claim for compensation as fairly and as quickly as possible, to robustly defend claims where appropriate, ensuring the protection of GPs, their staff and their reputations. In addition, the team will help to identify and feedback risk issues for learning and safety improvement. L&R has closely with Local Health Boards across Wales to provide practical guidance as to how GMPI will work in practice and how to support GPs and their Practice staff with the Scheme. L&R are currently providing a series of GMPI training and Q&A sessions across Wales to General Medical Practice Managers and representatives from the Local Health Boards.

Finance - by exception
- Continue to deliver a balanced financial plan in line with the position set out in your plan.

- The achievement of our plan is very much reliant upon the receipt of the additional capital funding requested over and above our £0.6m discretionary capital allocation. A positive meeting was held with Ian Gunney from Welsh Government and regular meetings with WG are now scheduled to review our capital requirements.

Other comments/issues by exception
- You continue to work with your Committee, NHS organisations, as clients, and with Welsh Government colleagues as appropriate to identify and develop "Once for Wales" solutions.

	AGENDA ITEM:6.3
	18 July 2019

The report is not Exempt
Teitl yr Adroddiad/Title of Report
Blaenavon Data Centre Outage – July 2019

ARWEINYDD: **LEAD:**	Andy Butler Director of Finance & Corporate Services
AWDUR: **AUTHOR:**	Nick Lewis Cyber Security Lead
SWYDDOG ADRODD: **REPORTING OFFICER:**	Andy Butler Director of Finance & Corporate Services
MANYLION CYSWLLT: **CONTACT DETAILS:**	Andy Butler Director of Finance & Corporate Services 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad: **Purpose of the Report:**
To provide the Partnership Committee with an update on the recent problems with IT systems at the Blaenavon Data Centre.

Llywodraethu/Governance	
Amcanion: **Objectives:**	Excellence – to develop an organisation that delivers a process excellence through a focus on continuous service improvement
Tystiolaeth: **Supporting evidence:**	-

Ymgynghoriad/Consultation:
N/a

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ **APPROVE**		**ARNODI/** **ENDORSE**		**TRAFOD/** **DISCUSS**		**NODI/** **NOTE**	✓

Argymhelliad/ Recommendation	The Committee is asked to **NOTE** the report.

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact
Cyfreithiol: Legal:	Not applicable
Iechyd Poblogaeth: Population Health:	No impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	This report provides assurance to the Committee that NWSSP has robust business continuity processes in place.
Ariannol: Financial:	Not applicable
Risg a Aswiriant: Risk and Assurance:	This report provides assurance to the Committee that NWSSP has robust business continuity processes in place.
Safonnau Iechyd a Gofal: Health & Care Standards:	Access to the Standards can be obtained from the following link: http://www.wales.nhs.uk/sitesplus/documents/1064/24729_Health%20Standards%20Framework_2015_E1.pdf **Standard 1.1 Health Promotion, Protection and Improvement**
Gweithlu: Workforce:	No impact
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open. The information is disclosable under the Freedom of Information Act 2000.

BLAENAVON DATA CENTRE OUTAGE UPDATE
July 2019

1. INTRODUCTION

NHS Wales runs IT services from two data centres, each site capable of running all services that are Clinical Critical. In normal operations the live versions are shared between the datacentres so that in the event of a problem, only those services running in the data centre with a problem need to be moved to run from the other site. NWSSP services do not have the failover capability of the clinical systems in the datacentre.

2. UPDATE

The Blaenavon Data Centre (BDC) is a public sector data centre operated by Torfaen Borough Council as a shared service (SRS) and houses data halls for Local Authorities, Health and some Police IT services.

At 3pm on Saturday 29th June 2019 the air conditioning units at the health data hall in BDC failed. The backup air conditioning units also failed and the temperature started to rise. The thermal cut off, shutting power off to the data centre as the temperature was too high at approximately 3:30 pm. Only the NHS Wales hall was affected by this outage.

NWSSP IT received notification of the incident via the ADI Major Incident WhatsApp group and telephone meetings were attended by Nick Lewis, NWSSP IT Security at 6pm, 9pm and 11pm on the 29th to have an overview of the progress and to assess the impact. Regular calls and updates via the WhatsApp group continued across the following days to provide ongoing updates on the recovery of the datacentre.

The following NWSSP services were affected by the incident. All services, bar MobileIron, were restored by Wednesday 3rd July:

- NWSSP Fileservers (One drive had been damaged by heat and is being replaced by NWIS Client services)
- Teammate
- ESR
- Cleric Procurement Web Platform
- Primary Care Services
- Inbound Email
- Secure Fileshare Portal
- Servicepoint
- MobileIron
- VPN remote connection

- HOWIS (NHS Wales external web service)
- Student Awards Bursary Assessment Service
- Office 365
- Skype
- Learning@NHS Wales
- Datix
- NHAIS
- Mail Marshall
- N3 connectivity for a number of services including PCS

MobileIron is still having issues to the loss of a SAN in the datacentre; therefore new servers have been provisioned by NWIS and data restores are currently taking place.

3. Next Steps

NWIS have advised that 'Work to recover after the BDC outage is continuing. We are working with SRS to get updates on their investigations, but no new information has been received to date.' An initial report (see Appendix 1) has been produced and a further report will be available at a later date from NWIS to outline the root cause. Proposals have also been submitted for a comprehensive review of the NHS Wales IT infrastructure in the light of both this event and known on-going issues.

PRB 20900

Blaenavon Data Centre Outage Technical Report

This report provides the technical report of the investigation into the Blaenavon Data Centre which occurred on 29th June 2019

Version v1 0
Status: Final

Final Report Date: 10/07/2019

1   SITUATION

At approximately 15:00 pm on Saturday 29th June 2019, the air conditioning units in Hall 1 at the Blaenavon Data Centre (BDC) failed. The Blaenavon Data Centre is owned and operated by SRS (a joint venture of three Councils in that region and Gwent Police[1]). NWIS / NHS Wales Services are hosted in Hall 1 with Councils, Police and Education services hosted in halls 2-4.

There are five cooling units in Hall 1 (designed for N+1 resilience) and whilst the exact sequence of events is not yet known, all five units were powered on, but not running when NWIS engineers arrived on site at around 16:00. As such, the temperature in the hall would have increased quickly and servers would have shut themselves down as the temperature increased. However, at around 16:03, the thermal cut-off turned off all power to the server / networking racks in Hall 1.

The main NWIS services running from BDC that were fully or partially affected are included in Appendix A. These were primarily the Welsh Clinical Portal (WCP) (Partially some health boards instances were running from the other data centre), Welsh Laboratory Information Management System (WLIMS), Canisc, GP systems, external websites, Remote access (VPN), Hospital Pharmacy and the NWIS Data Warehouse

Timeline of activities to restore

> *Note that this timeline focusses on the restoration of services, not on events leading up to the outage. SRS have commissioned a third party to produce a separate report into those events, which will inform the comprehensive review.*

At 16:00, NWIS engineers were on site at Blaenavon to investigate what had happened. The temperature was 56°C with all five cooling units powered on, but not running.

An incident team was assembled in Cardiff by 17:00. SRS reset the air-conditioning units and called the air conditioning support company to investigate.

Health Board and Trust IT teams were informed at 17:00 pm and conference calls held at 21:00 and 23:00 with follow up calls on Sunday 30th June at 09:00 and 12:00.

Due to the nature of the problem, it was unclear how quickly services could be restored at BDC, so the decision was made to failover services to the Newport Data Centre (NDC). The priority was to move all instances of WCP and WLIMS to the NDC.

Most of the affected WCP sites had functionality restored by 18:00 on 29th June with the remainder resolved throughout Saturday evening.

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[1] https://www.srswales.com/about-the-srs/

WLIMS, which has the longest move time, was enabled for users at 02:00 – although Pathology Labs needed to test some functionality to ensure that the system was working safely.

By 08:00 on Sunday 30th June, WLIMS and WCP were fully operational with the backlog of results having been processed and available in WCP. There were some residual issues in some areas depending on local configuration.

During Sunday the team worked through the remaining issues, with the restoration of the flow of Radiology messaging, the VPN and external websites being the priorities, these were all resolved by 17:00 on Sunday.

The Hospital Pharmacy system was also successfully failed over to the NDC.

GP Systems Suppliers worked over the weekend to restore clinical system access to GPs working in their Practices. EMIS moved all Practices from BDC to NDC and Vision brought services back on-line at the NDC *(Vision operate 50% of their practices from each data centre)*. On Monday morning, a number of residual issues were encountered, including:

- Slowness/freezing and problems accessing appointments module for a small number of EMIS sites
- Docman access for some EMIS sites
- Some PCs in 63 practices hosted from BDC for Vision were unable to connect. This was traced to a faulty network link, which was disabled, and traffic routed via an alternative link[2].
- Access to My Health On-Line and Vision Anywhere (Mobile product)

These have all now been resolved.

A number of other issues were then reported during Monday, 1st July and Tuesday, 2nd July, the majority of these were caused by a problem with connections into NHS Wales from other networks. This affected a number of services including WCCIS, Choose Pharmacy, and ESR and cross border communications.

These issues were resolved Tuesday evening with all affected services operational by Wednesday morning. 3rd July 2019

2   BACKGROUND

The NHS Wales Informatics Service (NWIS) runs IT services from two data centres, each site capable of running all Critical IT services. In normal operations the live versions are shared

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[2] This faulty link was replaced on 7/7/19 to restore network resilience.

Creation Date: 02 July 2019
Approval Date: 12 July 2019

TEM-SMS-016-Concise
Review Report-v2

between the data centres so that in the event of a problem only those services running in the data centre with a problem need to be moved to run from the other site.

The Blaenavon Data Centre is a public sector data centre owned and operated by SRS (a joint venture of Gwent Police Authority, Monmouthshire County Council, Torfaen County Borough Council and Blaenau Gwent County Borough Council). SRS operate individual data halls for Local Authorities, Education, Health and Police.

Whilst the power and cooling to the other halls was unaffected by the incident, the PSBA (Public Sector) networking connectivity used by the other halls is routed via Hall 1 (NHS) and this was disrupted during the incident.

3   ASSESSMENT

As this is a technical report, a fuller assessment will form part of the Comprehensive Review, which will be undertaken in line with incidents of this size.

The BDC situation is under review, the air conditioning is now operating as expected and power was fully restored on Sunday 30th June, and the data centre is now operational. However, there has also been an increase in the level of manual monitoring of temperatures, to ensure that these are maintained consistently. Current activities are also focussed on resolving residual problems and re-establishing resilience between the two national data centres.

At this stage and as far as we can establish, equipment damage appears to have been limited, with the exception of one Storage Area Network (SAN) one UPS (out of four) which is currently out of service and some older networking equipment. However, due to the current loading in the hall, three UPSs still provides N+1 resilience.

For the failed SAN, HP (the manufacturer), is currently working 24/7 to recover data. Extra disks have been ordered for an alternative SAN as HP have advised that once data recovery is complete they will no longer support the failed SAN.

The main affected service impacted by the SAN failure is the NWIS Data Warehouse, which is unavailable. This is an 'Admin Standard' service and therefore only hosted at one data centre. Backups of data are available and new Virtual Servers are currently being provisioned to allow the backups to be restored.

SRS, the Data Centre supplier have commissioned a company to review the incident. We expect this work to take 2 weeks to complete and will inform the comprehensive review report.

NWIS will be undertaking a comprehensive review of this incident in line with their internal processes.

4   RECOMMENDATION

- A second technical review report will be issued to NIMB by 12th August 2019. This will incorporate:
    - Times to restore individual Services
    - High level timeline of key events
    - Key Recommendations
    - Health Board impact statements provided by representatives from NSMB
    - A high level review of how communications were managed across NHS Wales
- A final comprehensive review will be undertaken and completed by 30th September 2019, which will include further recommendations, lessons learned and highlighting areas of good practice. This will be presented to NSMB.

TEM-SMS-016-Concise
Review Report-v2

Creation Date: 02 July 2019
Approval Date: 12 July 2019

Appendix A   Timelines for Outages

A.1   Call Details

Incident Details		
Reference Number(s)	**Service(s) Affected**	**Number Of Related Incidents**
Primary Incident: <<n/a>> **Related Problems:** 51 **Related Changes:** 33	**Service Reporting Incident:** Data Centre Services **Other National Services Affected:** Canisc Choose Pharmacy Citrix Access Gateway Complex Care Datix DMZ E-learning Email EMIS eMPI ESR GP Links GPTR Integration Services Low vision screening Mail Marshal N3/DNS NIIAS NWIS Data Warehouse NWIS SharePoint PDS for NHAIS Pharmacy Secure File Sharing Portal Skype Vision VPN WAP WBNS WCCG WCCIS WCRS	For the period 29/06/19 to 02/07/2019 632 Incidents, 72 service requests, 3430 service requests and 33 changes were associated to 51 problem records raised These records will be reviewed as part of the comprehensive review to provide a more accurate impact assessment

	WDS WLIMS WPAS WPOCT	
Customer(s) Affected	**Local Incident Numbers**	**Location(s) Affected**
All NHS Wales Organisations	To be confirmed	All NHS Wales sites

The report is not Exempt

Teitl yr Adroddiad/Title of Report
NWSSP Corporate Risk Update – July 2019

ARWEINYDD: **LEAD:**	Peter Stephenson Head of Finance & Business Development
AWDUR: **AUTHOR:**	Peter Stephenson Head of Finance & Business Development
SWYDDOG ADRODD: **REPORTING OFFICER:**	Andy Butler Director of Finance & Corporate Services
MANYLION CYSWLLT: **CONTACT DETAILS:**	Andy Butler Director of Finance & Corporate Services 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad: **Purpose of the Report:**
To provide the Partnership Committee with an update on the NHS Wales Shared Services Partnership's (NWSSP) Corporate Risk Register.

Llywodraethu/Governance	
Amcanion: **Objectives:**	Excellence – to develop an organisation that delivers a process excellence through a focus on continuous service improvement
Tystiolaeth: **Supporting evidence:**	-

Ymgynghoriad/Consultation:
The Senior Management Team (SMT) reviews the Corporate Risk Register on a monthly basis. Individual Directorates hold their own Risk Registers, which are reviewed at local directorate and quarterly review meetings.

Adduned y Pwyllgor/Committee Resolution (insert √):					
DERBYN/ APPROVE		**ARNODI/ ENDORSE**	**TRAFOD/ DISCUSS**	**NODI/ NOTE**	✓
Argymhelliad/ Recommendation	The Committee is asked to **NOTE** the report.				

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact
Cyfreithiol: Legal:	Not applicable
Iechyd Poblogaeth: Population Health:	No impact
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	This report provides assurance to the Committee that NWSSP has robust risk management processes in place.
Ariannol: Financial:	Not applicable
Risg a Aswiriant: Risk and Assurance:	This report provides assurance to the Committee that NWSSP has robust risk management processes in place.
Safonnau Iechyd a Gofal: Health & Care Standards:	Access to the Standards can be obtained from the following link: http://www.wales.nhs.uk/sitesplus/documents/1064/24729_Health%20Standards%20Framework_2015_E1.pdf **Standard 1.1 Health Promotion, Protection and Improvement**
Gweithlu: Workforce:	No impact
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open. The information is disclosable under the Freedom of Information Act 2000.

NWSSP CORPORATE RISK REGISTER UPDATE
July 2019

1. INTRODUCTION

The Corporate Register is presented at **Appendix 1** for information.

RISKS FOR ACTION

The ratings are summarised below in relation to the Risks for Action:

Current Risk Rating	July 2019
Red Risk	2
Amber Risk	5
Yellow Risk	4
Green Risk	0
Total	**11**

2.1   Red-rated Risks

Risk A1 - Demise of the Exeter Software System
Current Risk Score: Red 20

Following discussions with the Chief Executive of the Business Services Organisation in Northern Ireland, we have written to the Permanent Secretary covering the NI Health Department for permission to further explore the opportunities of using their GP Payments System to pay Primary Care Contractors in Wales. They are due to visit us in late August to progress this issue.

Risk A2 – Failure to obtain clinical engagement in assessing non-stock requirements in preparation for a no-Deal Brexit.
Current Risk Score: Red 20

Brexit preparations continue and there has been recent and positive progress on the position with non-stock requirements in the event of a no-deal Brexit. We have been working closely with the NHS Collaborative and various clinical networks such as Medical Directors and the NHS Confederation, in terms of finalising the lists of required items. We are currently arranging further testing on new systems in readiness should there be a no-deal Brexit. Part of our approach will include the relocation of Cwmbran Stores to IP5, which will enable a seamless switching of services to utilise the Brexit stock housed in IP5, should the UK leave the EU without a deal at the end of October.

2.2   New Risks

No new risks have been added to the Risk Register since the last meeting of the Committee in May.

2.3   Risks removed from Register

The following risk has been removed from the Risk Register since the last meeting of the Committee:

- The impact of the Bridgend transfer – while there are still some loose ends to tie up, this risk can now be considered closed.

2. RISKS FOR MONITORING

There are two risks that have reached their target score and which are rated as follows:

Current Risk Rating	July 2019
Red Risk	0
Amber Risk	1
Yellow Risk	1
Green Risk	0
Total	**2**

3. ASSESSMENT/GOVERNANCE & RISK ISSUES

There is a significant risk to the NWSSP if robust governance arrangements are not in place for risk management and each Director has responsibility for notifying the SMT of any risks that could have a financial impact if arrangements are not in place to manage risk. If there are insufficient communication flows to manage risk then there could be a resulting adverse effect on NWSSP and its customers.

4. RECOMMENDATION

The Committee are asked to:

- **NOTE** to the Corporate Risk Register as at July 2019.

Corporate Risk Register

Ref	Risk Summary	Inherent Risk			Existing Controls & Mitigations	Current Risk			Further Action Required	Progress	Trend since last review	Target & Date
		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				
					Risks for Action							
A1	Risks associated with the demise of the Exeter system coming to an end in 2015, with no replacement system designed for NHS Wales. The contract in NHS England has been outsourced to Capita. (Added Apr 2017) **Escalated Directorate Risk**	4	5	20	Establishment of NHS Wales Steering Group. High level option appraisal undertaken. Mapping exercise completed with Capita and PCS subject matter experts to identify gaps between NHSE and NHSW. Legal Counsel advice received.	4	5	20	Continue dialogue with Northern Ireland. (DH 31/07/2019)	Letter sent by NF to NI BSO confirming our wish to progress discussions. NI BSO are arranging a visit over the summer to facilitate this - likely to be end of August. **Risk Lead: Director of Primary Care Services**	→	31-Mar-20
A2	Failure to obtain clinical engagement in assessing non-stock requirements stemming from a no-deal Brexit (added Apr 2019) **Strategic Objective - Customers**	4	5	20	Storage facility in place (IP5)	3	5	15		Brexit deadline extended to 31 October 2019. Now working with Clinical networks to identify non-stock requirements. **Risk Lead: Director of Procurement Services**	→	31-Dec-19
A3	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018) **Strategic Objective - Staff**	5	4	20	Manned Security at Matrix CCTV Locked Gates installed at Matrix. Security Review Undertaken (reported Dec 18) Increased Security Patrols at Matrix.	1	4	4	Review progress with findings from security review (PS 31/07/19) On-going discussion with Landlord at Matrix re installing our own barrier) (RD/ND 31/07/19) Police reviewing security at IP5 (MR 31/07/19)	Security Review undertaken and reported to SMT in Dec 2018. No major findings but all agreed actions will be followed up through audit tracker. **Risk Lead; Director Specialist Estates Services/Director of Finance and Corporate Services**	→	31-Jul-19
A4	NWSSP are unable to recruit and retain sufficient numbers and quality of staff for certain professional services (Procurement Services) resulting in a potential failure to meet desired performance targets and/or deliver service improvements. (Added April 2017) **Strategic Objective - Staff**	5	4	20	Staff Surveys & Exit Interviews Monitoring of turnover and sickness absence Workforce & OD Framework Work with Great With Talent to develop On-Boarder, Absence & Exit questionnaires (3, 6 and 12 months) Development of Clerical Bank Strengthened relationship with local universities Work-based degree opportunities in some professional services Use of Social Media Use of Recruitment Consultants Targeted Advertising - Trade Journals	4	3	12	Exit interviews to assess rationale for staff leaving employment - 31 Mar 2018 (HR) - on hold due to procurement tender exercise	Recruitment and retention remains a concern, particularly within professional posts primarily with the procurement services function. Recruitment has improved in other professional functions. Work is taking place with all services to have in pace agile recruitment and retention strategies to attempt to address these concerns, utilising available data and information. **Risk Lead: Director of Workforce and OD**	→	30-Sep-19
A5	NWSSP is unable to adequately demonstrate the value it is bringing to NHS Wales due to insufficiently developed reporting systems. (Added April 2017)	4	4	16	Quarterly Performance Reports to Health Boards & Trusts Performance Reporting to SSPC & SMT SSPC Assurance reports Periodic Directorate Meetings with LHBs & Trusts Quarterly meetings with LHB and Trust Exec Teams Regular updates to Peer Groups (DOF's, DWODS, Board Secretaries) Customer Satisfaction Surveys Internal Audit Review (May 2018) Presentations from CEB Gartner (June 2018)	2	4	8	1. Introduce consistent approach in reporting and meetings for all directorates and all LHBs & Trusts (AP) 2. Review and refine performance framework - (AP - 30/06/19) 3. Work proactively to support NHS Wales in delivering the actions outlined within the NHS Wales Chief Executives National Improvement Programme (NIP)	1. Completed 2. Ongoing - draft framework produced and due to be approved by SMT in July 2019 3. Regular updates provided to DoFs and other peer groups	→	31-Jul-19

		L	I	Score	Controls	L	I	Score	Actions	Updates / Risk Lead	Trend	Target Date
	Strategic Objective - Value For Money									**Risk Lead: Director of Finance & Corporate Services**		
A6	NWSSP's lack of capacity to develop our services to deliver further efficiency savings and introduce innovative solutions for NHS Wales and the broader public sector. (Added April 2017) **Strategic Objective - Service Development**	4	4	16	IMTP Horizon scanning days with SMT and SSPC to develop services Established new Programme Management Office (PMO) IT Strategy Regular reporting to SMT and SSPC	2	3	6	1. Implementation of project management software (AB) 2. Invest in Robotic Process Automation (AB)	1. Procurement pilot project completed - currently being rolled out in NWSSP 2. RPA pilot in progress - update to July SMT **Risk Lead: Director of Finance & Corporate Services**	→	31-Jul-19
A7	Lack of effective succession planning at a senior level will adversely impact the future and strategic direction of NWSSP due to the age profile of the SMT. (added April 2017) **Strategic Objective - Staff**	4	3	12	Workforce & OD Framework On-going development of existing staff to ensure a ready supply of staff to meet the maturing organisation's needs. Leadership Development Programmes	3	3	9	1. Develop a plan which includes likely key dates for each of the affected services and which prioritises succession planning based on proximity of risk (HR) 31 Dec 18 2. NHS Wales Leadership Programme - identify key staff with potential for future development and encourage them to undertake the leadership programme - (HR) 31 Dec 18 3. National Succession Strategy for NHS Wales - participate in the work of the national group and identify high performing staff who may be eligible for consideration to support succession planning requirements - (HR) 31 Dec 18	Recent appointments of senior staff have helped to address this risk - risk to be reviewed again to check whether still requires reporting at this level. **Risk Lead: Director of Workforce and OD**	→	31-Aug-19
A8	Operational performance is adversely affected through the use of some out-of-date software systems, lack of consistent IT support across NHS Wales resulting in interoperability issues and the limited capacity of NWIS to meet the demand for IT development to develop our services. (added April 2017) **Strategic Objective - Excellence**	4	5	20	Created a Business Systems and Informatics Department Service Level Agreement (SLA) in place with NWIS Significant additional capital funding obtained from Welsh Government in prior year for IT investment Development of draft IT strategy Quarterly Reporting of Performance to SMT	1	4	4	1. Finalise IT Strategy for NWSSP, to include an IT replacement strategy - complete 2. Consolidate Desktop support from one strategic partner - currently a mix of arrangements (NWIS & BCU) - 31 Mar 2019 (AB) 3.Finalise Cyber Security Action plan - complete 4. Develop an overarching Business Continuity plan for NWSSP incorporating operational, IT and building requirements and test the plan annually - complete	All actions on track and a consultant from the Wales Quality Centre is currently working with NWSSP to enhance BCP arrangements. 1. Completed 2. Ongoing 3. Completed 4. Completed - plan developed and tested in Sept. Internal audit of BCP arrangements undertaken - reasonable assurance. **Risk Lead: Director of Finance & Corporate Services**	→	31-Jul-19
A9	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019) **Strategic Objective - Value For Money**	5	3	15	Counter Fraud Service Internal Audit WAO PPV National Fraud Initiative Counter Fraud Steering Group Policies & Procedures Fraud Awareness Training	3	3	9	1. Increase level of counter fraud resource (AB 30/6/19) 2. Implement actions from Fighting Fraud Strategy (PS 30/9/19) 3. Formally present Counter Fraud Work Plan to SMT (AB 31/05/19)	Discussion with Craig Greenstock on 2/4/19 to increase level of resource. Fighting Fraud Strategy approved by CFSG on 26/3/19, and signed off by DoFs and WG in June. Craig provided update to June 2019 SMT. Met with WG 2/7/19 to discuss Ophthalmics review **Risk Lead: Director of Finance & Corporate Services**	→	31-Jul-19
A10	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019) **Strategic Objective - Service Development**	5	5	25	Cyber Security Action Plan Stratia Consulting Review IGSG Information Governance training	2	5	10	Consider introduction of mandatory cyber security e-learn (AB 30/06/19) Follow up progress with Cyber Security Plan (AB 30/06/19) Complete actions from internal audit review of BCP (PS 30/06/19) Promote use of Self-Serve ESR (GH 30/06/19) Move all desktop devices to Windows 10 by the Windows 7 end of support.	Nick Lewis to present update to August 2019 formal SMT **Risk Lead: Director of Finance & Corporate Services**	→	30-Sep-19
A11	Failure to comply with Welsh Language requirements and capacity to meet the increased demand for Welsh translation services resullting from the implementation of the Welsh Language Standards leading to reputational damage for NWSSP. (added April 2017) **Strategic Objective - Staff**	3	4	12	Welsh Language Officer appointed Staff required to populate Welsh language skillset in ESR Welsh Language Translator appointed WL awareness is included within the face to face corporate induction training day Accredited WL training in place at several NWSSP sites WL monitoring report submitted to SMT External comms - WIAP project ensuring all web information is bilingual, graphic design, public events, etc	2	3	6	1. Undertake a Cost/benefits analysis to justify further investment in Welsh Language capacity - complete 2.Bilingual interface of TRAC recruitment software to be fully bilingual - complete 3. Investigate the potential for introducing a WL hub to provide support with translation for NHS Wales - complete 4. Undertake Internal Audit review of progress against Welsh Language Standards - complete. Reasonable Assurance.	Regular updates to SMT and additional resource recruited Jan 2019. Further recruitment exercise in May 2019 Reasonable Assurance from Internal Audit review. Undertaken joint recruitment with PHW and NWIS - 3 new translators appointed in June 2019 **Risk Lead: Director of Finance and Corporate Services**	→	31-Aug-19

Risks for Monitoring

M1	1. The Learning@Wales server provided and supported by NWIS requires enhancements to ensure user capacity is aligned with forecasted usage and is fully supported and managed to ensure provision of service does not degrade further. Further enhancements are required to reporting capability as this is affecting the service provided and reputation of NWSSP. 2. The ESR e-learning server is currently provided by NWSSP, via a server located in Manchester. This server has little resilience and requires hosting within NWIS DMZ with a fully supported service management wrap. Over 70% of learning undertaken in NHSW at 07/2017 was via e-learning. There would be a significant impact on the compliance of the workforce if the server failed.	4	4	16	Additional support provided from NWIS to schedule reports out of hours to minimise impact on server disruption. Significant cleansing and formatting of reports by DWS Team before they are forwarded to organisations to enable them to manage compliance. NWSSP IT function have enabled a temporary solution via the Manchester server.	2	4	8	1. Escalation with NWIS for resolution. 2. Provision of fully supported server, hosted in NWIS, DMZ required.	Migration should have been fully complete by end of May 19 but there are some issues with NWIS. Needs to be completed by 6 August, otherwise we will incur a further fee of £3.5k.	➡
	Escalated Directorate Risk									**Risk Lead: Director of Workforce and OD**	
M2	Threats to the supply of medical consumables, and potential employment issues, in the event of a no-deal Brexit. (Added Sept 2018)	4	5	20	Regular discussions with UK and Welsh Governments Attend Ministerial Advisory Board Velindre Brexit Group IP5	1	5	5	Need to continue to monitor in light of extension to Brexit to 31 October	Acquisition of IP5 completed on 22 March . Pdetailed papers provided to SSPC (Mar 19) and Audit Committee (Apr 19) Project Team established under leadership of Mark Roscrow.	➡
	Strategic Objective - Customers									**Risk Lead: Director of Procurement Services**	

Key to Impact and Likelihood Scores

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood						
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5

Critical	Urgent action by senior management to reduce risk
Significant	Management action within 6 months
Moderate	Monitoring of risks with reduction within 12 months
Low	No action required.

☐	New Risk
☐	Escalated Risk
☐	Downgraded Risk
☐	No Trend Change

Key to Impact and Likelihood Scores

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood						
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5

Critical	Urgent action by senior management to reduce risk
Significant	Management action within 6 months
Moderate	Monitoring of risks with reduction within 12 months
Low	No action required.

Consequence					
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Yellow 5	Amber 10	Red 15	Red 20	Red 25
Likely	Yellow 4	Amber 8	Amber 12	Red 16	Red 20
Possible	Green 3	Yellow 6	Amber 9	Amber 12	Red 15
Unlikely	Green 2	Yellow 4	Yellow 6	Amber 8	Amber 10
Rare	Green 1	Green 2	Green 3	Yellow 4	Yellow 5

Red: Critical – Urgent action and attention by senior management to reduce risk

Amber: Significant – Management consideration of risks and reduction within 6 months

Yellow: Moderate – Monitoring of risks with a view to being reduced within 12 months

Green: Low – These risks are considered acceptable

✳	New Risk
⬆	Escalated Risk
⬇	Downgraded Risk
➡	No Trend Change

The report is not Exempt

Teitl yr Adroddiad/Title of Report
Annual Report of Gifts, Hospitality & Sponsorship Declarations 2018-19

ARWEINYDD: LEAD:	Peter Stephenson Head of Finance & Business Development
AWDUR: AUTHOR:	Roxann Davies, Corporate Services
SWYDDOG ADRODD: REPORTING OFFICER:	Andy Butler Director of Finance & Corporate Services
MANYLION CYSWLLT: CONTACT DETAILS:	Andy Butler Director of Finance & Corporate Services 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad: Purpose of the Report:
The purpose of this report is to provide the Partnership Committee with a summary of the Gifts, Hospitality and Sponsorship declared within the reporting period, 1 April 2018 to 31 March 2019.

Llywodraethu/Governance	
Amcanion: Objectives:	Excellence – to develop an organisation that delivers a process excellence through a focus on continuous service improvement
Tystiolaeth: Supporting evidence:	-

Ymgynghoriad/Consultation:
The NWSSP Gifts, Hospitality and Sponsorship Procedure is due to be reviewed in November 2019.

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ APPROVE		**ARNODI/ ENDORSE**		**TRAFOD/ DISCUSS**		**NODI/ NOTE**	✓

Argymhelliad/ Recommendation	The Committee is asked to **NOTE** the report.

Crynodeb Dadansoddiad Effaith: **Summary Impact Analysis:**	
Cydraddoldeb ac amrywiaeth: **Equality and diversity:**	No direct impact.
Cyfreithiol: **Legal:**	The Velindre NHS Trust Standards of Behaviour Framework Policy outlines arrangements within the organisation to ensure that staff comply with requirements, including recording and declaring potential conflicts of interest and offers gifts, hospitality and sponsorship, regardless of whether these have been accepted or declined. It is important to note that any private interest(s) does not conflict with NHS duties.
Iechyd Poblogaeth: **Population Health:**	No impact.
Ansawdd, Diogelwch a Profiad y Claf: **Quality, Safety & Patient Experience:**	The provision of high quality, safe and reliable care is dependent on good governance, leadership and accountability, which feature as overarching principles of the quality themes outlined in the Health and Care Standards.
Ariannol: **Financial:**	Not applicable.
Risg a Aswiriant: **Risk and Assurance:**	This report provides assurance to the Committee that NWSSP has transparent and robust governance processes in place to report on offers of gifts, hospitality and sponsorship, whether declined or accepted.
Safonnau Iechyd a Gofal: **Health & Care Standards:**	The provision of high quality, safe and reliable care is dependent on good governance, leadership and accountability, which feature as overarching principles of the quality themes outlined in the Health and Care Standards.
Gweithlu: **Workforce:**	No impact.
Deddf Rhyddid Gwybodaeth/ **Freedom of Information**	Open. The information is disclosable under the Freedom of Information Act 2000.

Annual Report of Gifts, Hospitality & Sponsorship Declarations
1 April 2018 – 31 March 2019

1. BACKGROUND

The Velindre University NHS Trust Standards of Behaviour Framework Policy ("the Policy") outlines arrangements within the organisation to ensure that staff comply with requirements, including recording and declaring potential conflicts of interest and offers gifts, hospitality and sponsorship, regardless of whether these have been accepted or declined. It is important to note that any private interest(s) does not conflict with NHS duties.

Supplementary to the Policy referenced above, the NWSSP also has its own Gifts and Hospitality Procedure, which is due for review during November 2019.

2. GIFTS AND HOSPITALITY

All employees of the NWSSP should consider their position very carefully before accepting any personal gifts or offers of hospitality during, or outside of, office hours. They should avoid placing themselves in a position where acceptance of such gifts or hospitality might be perceived to influence their decision in respect of purchasing goods or services, awarding contracts, or making appointments. Anyone found to be in breach of this procedure could face disciplinary action.

If staff receive any offer over the value of £25 (or several small gifts, which value over £100, received from the same or closely related source in a 12 month period), whether accepted or declined, these are required to be recorded in the Gifts and Hospitality Register, held by Roxann Davies in Corporate Services. A summary of declarations received is presented to the SMT and Audit Committee at each meeting.

Summary of Declarations Received 1 April 2018 to 31 March 2019

Type	Declarations Received
Gifts	**0 Declarations**
Hospitality	**17 Declarations** • *12 Accepted* • *5 Declined*
Sponsorship	**16 Declarations** • *16 Accepted*
Total	**33 Declarations**

A detailed report of the completed Gifts, Hospitality and Sponsorship Forms received for 2018-19 period is presented at Appendix 1.

3. RECOMMENDATION

The SMT is asked to:

- **NOTE** the offers of Gifts, Hospitality and Sponsorship received during the period 1 April 2018 to 31 March 2019

Appendix 1 – Summary of Declarations Received 1 April 2018 to 31 March 2019

No.	Name	Job Title	Type	Date of Event	Source	Description	Value	Authorisation	Date of Acceptance or Decline
Hospitality									
1.	Dave Hopkins	Director of Primary Care Services	Hospitality	03.04.2018	National Pharmacy Association	Annual Awards Ceremony	£25	A Butler	Accepted 13.04.2018
2.	Andrew Butler	Director of Finance and Corporate Services	Hospitality	08.05.2018	Chair of HFMA Cymru	Performing Under Pressure - Channelling stress for success.	£25	N Frow	Accepted 30.04.2018
3.	Neil Frow	Managing Director	Hospitality	08.05.2018	Chair of HFMA Cymru	Performing Under Pressure - Channelling stress for success.	£25	M Foster	Accepted 01.05.2018
4.	Neil Frow	Managing Director	Hospitality	22.05.2018	ACCA	ACCA Health Panel	£20	A Butler	Accepted 22.05.2018
5.	Neil Frow	Managing Director	Hospitality	13.06.2018	Health Services Journal	Health Services Journal Annual Drinks Reception	Unknown	M Foster	Declined 31.05.2018
6.	Michelle Richards	Salary Sacrifice Manager	Hospitality	27.09.2018	NHS Fleet Solutions	NHS Fleet Solutions meetings with team in Newcastle	£180	A Butler	Accepted 31.07.2018
7.	Claire Jones	Salary Sacrifice Co-ordinator	Hospitality	27.09.2018	NHS Fleet Solutions	NHS Fleet Solutions meetings with team in Newcastle	£180	A Butler	Accepted 31.07.2018
8.	Neil Frow	Managing Director	Hospitality	29.11.2018	Luxatia International	3rd FUTURE Workplaces Summit in Barcelona	£180	A Butler	Declined 15.10.2018
9.	Neil Frow	Managing Director	Hospitality	08.11.2018	Government Opportunities (GO) Excellence in Public Procurement Awards Wales	Conference and Dinner	£50	A Butler	Accepted 02.11.2018
10.	Mark Roscrow	Director of Procurement Services	Hospitality	06.12.2018	Healthcare Financial Management Association	HFMA Gala Dinner and Awards Ceremony	£50	N Frow	Accepted 02.12.2018
11.	Rebecca Richards	Director of Finance Academy	Hospitality	29.11.2018	ACCA Wales	ACCA Wales Annual Dinner (as part of Conference)	£50	A Butler	Declined 20.11.2018
12.	Rebecca Richards	Director of Finance Academy	Hospitality	10.11.2018	Cardiff University	Wales vs Australia Rugby Match and light refreshment	£110	A Butler	Accepted 05.11.2018

13.	Rebecca Richards	Director of Finance Academy	Hospitality	11.10.2018	ACCA Wales	ACCA new members event hosted by ACCA at Cardiff Hilton	£50	A Butler	Accepted 03.10.2018
14.	Rebecca Richards	Director of Finance Academy	Hospitality	05.04.2019	ACCA Wales	Attendance at Wales Finance Awards Event and Dinner	£95	A Butler	Accepted 19.03.2019
15.	Rebecca Richards	Director of Finance Academy	Hospitality	01.03.2019	ACCA Wales	Attendance at Breakfast Business Briefing at the Hilton Hotel, Cardiff	£50	A Butler	Declined 20.03.2019
16.	Rebecca Richards	Director of Finance Academy	Hospitality	20.06.2019	ACCA Wales	Attendance at Shaping the Future - Unlocking your Organisation's Potential Event	£325	A Butler	Declined 19.03.2019
17.	Keir Warner	Head of Sourcing Non-Medical	Hospitality	11.04.2019	Hospital Caterers Association	Attendance at President's Dinner and Event, including HCA Awards Presentations	£170	A Butler	Accepted 20.03.2019
Sponsorship									
18.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Wassenburg Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
19.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Steris Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
20.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Serve Medical Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
21.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Serchem Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
22.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Neocare	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018

23.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	LTE	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
24.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Getinge Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
25.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Cantel Medical Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
26.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Intercept Med Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
27.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	Isopharm Ltd	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 23.04.2018
28.	John Prendergast	Senior Decontamination Engineer	Sponsorship	11.05.2018	PFE Medical	Sponsorship to exhibit at All Wales Endoscope Decontamination Forum - to cover costs of venue hire and catering	£160	A Butler	Accepted 18.05.2018
29.	Steve Lloyd	Senior Performance Standards Engineer	Sponsorship	08.11.2018	Hoare Lea, ABB, Develop Training, Honeywell Control Systems, BOC Ltd/BOC Gas and Gear	Authorised Person's Seminar Sponsorship - NWSSP organised to provide an update on NWSSP Authorising Engineer provision and the opportunity to network with colleagues undertaking similar roles in different locations throughout Wales	£250 + VAT per sponsor = £1000 + VAT	A Butler	Accepted 26.10.2018

30.	Steve Lloyd	Senior Performance Standards Engineer	Sponsorship	08.11.2018	Camfil Ltd	Authorised Person's Seminar Sponsorship - NWSSP organised to provide an update on NWSSP Authorising Engineer provision and the opportunity to network with colleagues undertaking similar roles in different locations throughout Wales	£250 + VAT per sponsor = £1000 + VAT	N Frow	Accepted 14.11.2018
31.	Mark Furmage	Decontamination Engineer	Sponsorship	20.11.2018	Serchem Ltd, LTE Scientific, Dekomed Ltd, Isopharm Ltd, Clinipak Ltd, Getine, MMM Medical Equipment UK Ltd, Felcon Ltd, O&M Halyard UK, BMM Weston Ltd	Sterile Services Decontamination Forum Wales	£160 + VAT per sponsor = £1600 + VAT	N Frow	Accepted 19.11.2018
32.	Thomas Kelley	Clinical Advisor: Value Based Health Care	Sponsorship	17.11.2018	Medtronic	Network meeting to explore how best to build a partnership with Senior NHS Commissioners and strategic leaders, understanding the landscape of value based healthcare with a view to building a future partnership to maximise the value brought to the NHS in Wales - sponsorship to take part in event and covering travel costs	£950	A Butler	Accepted 12.10.2018
33.	Rebecca Richards	Director of Finance Academy	Sponsorship	07.11.2018	ACCA & HTFT	Sponsorship for evening session of Celtic Nations Event in Principality Stadium hosted by Finance Academy for Directors of Finance and senior staff across NHS Wales, Scotland and Northern Ireland	£7,500	A Butler	Accepted 25.10.2018

The report is not Exempt

Teitl yr Adroddiad/Title of Report

Annual Report Issues and Complaints 2018-19

ARWEINYDD: LEAD:	Peter Stephenson Head of Finance & Business Development
AWDUR: AUTHOR:	Roxann Davies Compliance Officer
SWYDDOG ADRODD: REPORTING OFFICER:	Andy Butler Director of Finance & Corporate Services
MANYLION CYSWLLT: CONTACT DETAILS:	Andy Butler Director of Finance & Corporate Services 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad:
Purpose of the Report:

The purpose of this report is to provide the Partnership Committee with an update as to complaints received by the NWSSP during the financial year, 1 April 2018 to 31 March 2019.

Llywodraethu/Governance

Amcanion: Objectives:	Excellence – to develop an organisation that delivers a process excellence through a focus on continuous service improvement
Tystiolaeth: Supporting evidence:	-

Ymgynghoriad/Consultation:

The current Complaints Protocol is under review and this will be subject to an Equality Integrated Impact Assessment and consultation of the SMT.

Adduned y Pwyllgor/Committee Resolution (insert √):

DERBYN/ APPROVE		ARNODI/ ENDORSE		TRAFOD/ DISCUSS		NODI/ NOTE	✓

Argymhelliad/ Recommendation	The Committee is asked to **NOTE** the report.

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: **Equality and diversity:**	No direct impact.
Cyfreithiol: **Legal:**	Regulation 51 of the "National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 ("the Regulations")" provides that each responsible body in NHS Wales must prepare an annual report on complaints. The report must contain, as a minimum: • Number of concerns received (including, in the case of Welsh NHS bodies, concerns reported under Part 7 of the Regulations related to cross border services); • The number of concerns deemed well founded; and • The number of concerns referred to the Public Services Ombudsman for Wales. This report provides assurance to the Committee that NWSSP is dealing with and learning from concerns in accordance with the Regulations.
Iechyd Poblogaeth: **Population Health:**	No impact.
Ansawdd, Diogelwch a Profiad y Claf: **Quality, Safety & Patient Experience:**	The provisions of the Protocol ensure that NWSSP's services are delivered in a satisfactory manner and support Health Bodies in delivering an excellent service; which will contribute to improving quality, safety and patient experience.
Ariannol: **Financial:**	Not applicable.
Risg a Aswiriant: **Risk and Assurance:**	This report provides assurance to the Committee that NWSSP has robust governance processes in place.
Safonnau Iechyd a Gofal: **Health & Care Standards:**	The provision of high quality, safe and reliable care is dependent on good governance, leadership and accountability, which feature as overarching principles of the quality themes outlined in the Health and Care Standards.
Gweithlu: **Workforce:**	No impact.
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open. The information is disclosable under the Freedom of Information Act 2000.

NWSSP ANNUAL REPORT OF ISSUES AND COMPLAINTS 2018-19

1. BACKGROUND

NWSSP has arrangements that it follows to manage complaints in order to meet the requirements of the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations (2011) and "Putting Things Right" arrangements in accordance with the Velindre University NHS Trust Handling Complaints Policy.

On 2 July 2014, Welsh Government published the "Review of Concerns (Complaints) Handling with NHS Wales – "Using the Gift of Complaints" report, which makes more than 100 recommendations on how to strengthen the NHS complaints process. In light of this, and with reference to the handling of Complaints within NHS Wales (2015), the NWSSP Issues & Complaints Management Protocol was revised with the objective of standardising the complaints process for all services within NWSSP so that complaints can be handled consistently and recorded accurately.

The Issues and Complaints Management Protocol is reviewed annually, with the last review in May 2018. Previous revisions to the Protocol had incorporated specific guidance on identifying if a complainant is to be categorised as vexatious and how such complaints are managed. It also raises awareness for members of the public on how NWSSP deals with all kinds of complaints, as published on the NWSSP website; http://www.nwssp.wales.nhs.uk/issues-and-complaints.

Corporate Services are currently in the process of conducting the 2019 annual review of the NWSSP Issues and Complaints Management Protocol. The subsequent findings of this review will be brought to a future meeting.

2. GOVERNANCE AND ASSURANCE ARRANGEMENTS

Regulation 51 of the "National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 ("the Regulations")" states that each responsible body in NHS Wales must prepare an Annual Report on complaints. The report must contain, as a minimum:

- Number of concerns received (including, in the case of Welsh NHS bodies, concerns reported under Part 7 of the Regulations related to cross border services);
- Number of concerns deemed well founded; and
- Number of concerns referred to the Public Services Ombudsman for Wales.

This report provides assurance to the Committee that NWSSP is dealing with and learning lessons from concerns brought to the attention of the organisation, in accordance with the specified Regulations.

3. SUMMARY OF COMPLAINTS AND ISSUES RECEIVED

During the reporting period for 2018-19, **27** formal complaints were received and recorded by Corporate Services. This compares with **14** complaints received in the same reporting period during the 2017-18 financial year.

Additionally, there were **13** matters that were categorised as issues, which were locally resolved, thus negating the requirement for a formal complaint to be made. This compares with **9** issues received in the same reporting period during the 2017-18 financial year.

It is recognised that the above reporting figures represent a 93% increase in complaints reported to the Corporate Services team during 2018-19. Increased awareness of the complaints handling process through promotion by Corporate Services, has contributed to the higher volume received. However, there is a notable increase in complaints received within the Employment Services directorate and specifically in relation to Payroll Services. We note that this is a sensitive and emotive area for individuals and that the concerns received represent only a minor percentage of the transactions processed by the service across NHS Wales. Corporate Services are working with the Service Improvement Team in order to capture lessons learned to mitigate the need for escalation to a corporate level complaint, together with developing refresher training for staff, in line with the annual review of the Protocol.

The pie chart in **Figure 1** below categorises the complaints received per directorate:

Figure 1 – Total complaints received by directorate from 1 April 2018 – 31 March 2019

Number of Complaints Received per Directorate
1 April 2018 to 31 March 2019

- Employment Services
- Workforce
- Procurement Services
- Primary Care Services
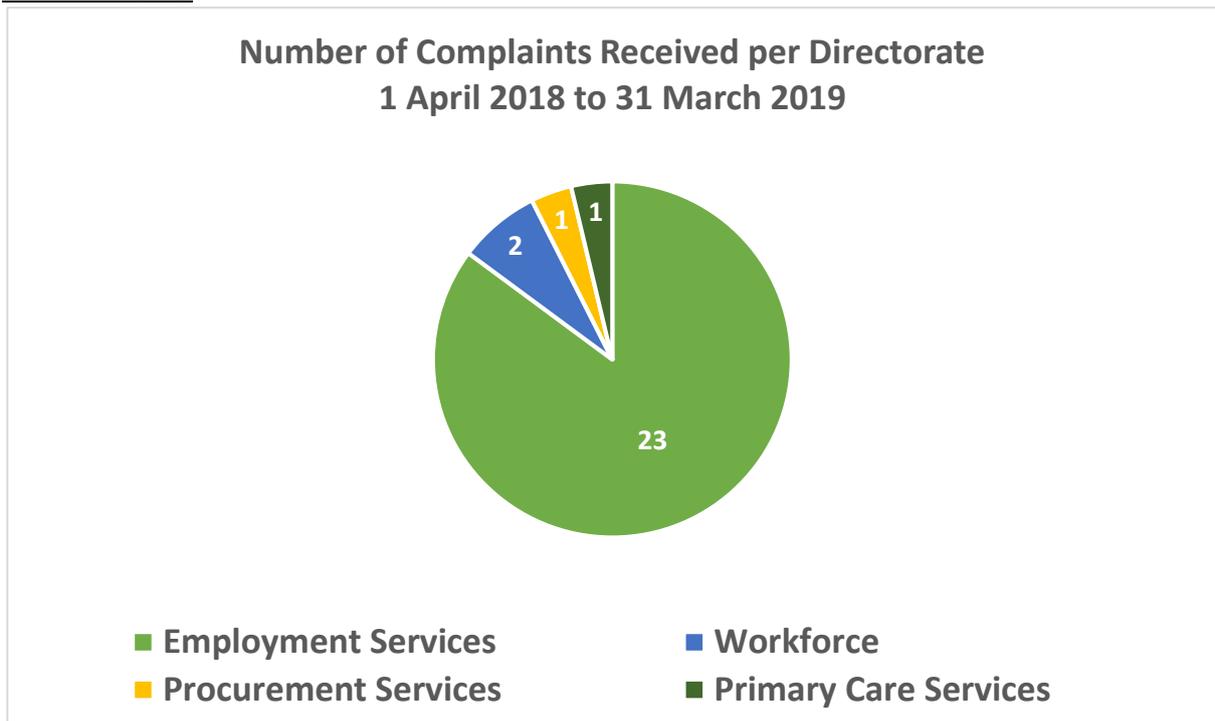
The graph in **Figure 2** below categorises the complaints received per month:

Figure 2 – Total complaints received per month from 1 April 2018 – 31 March 2019
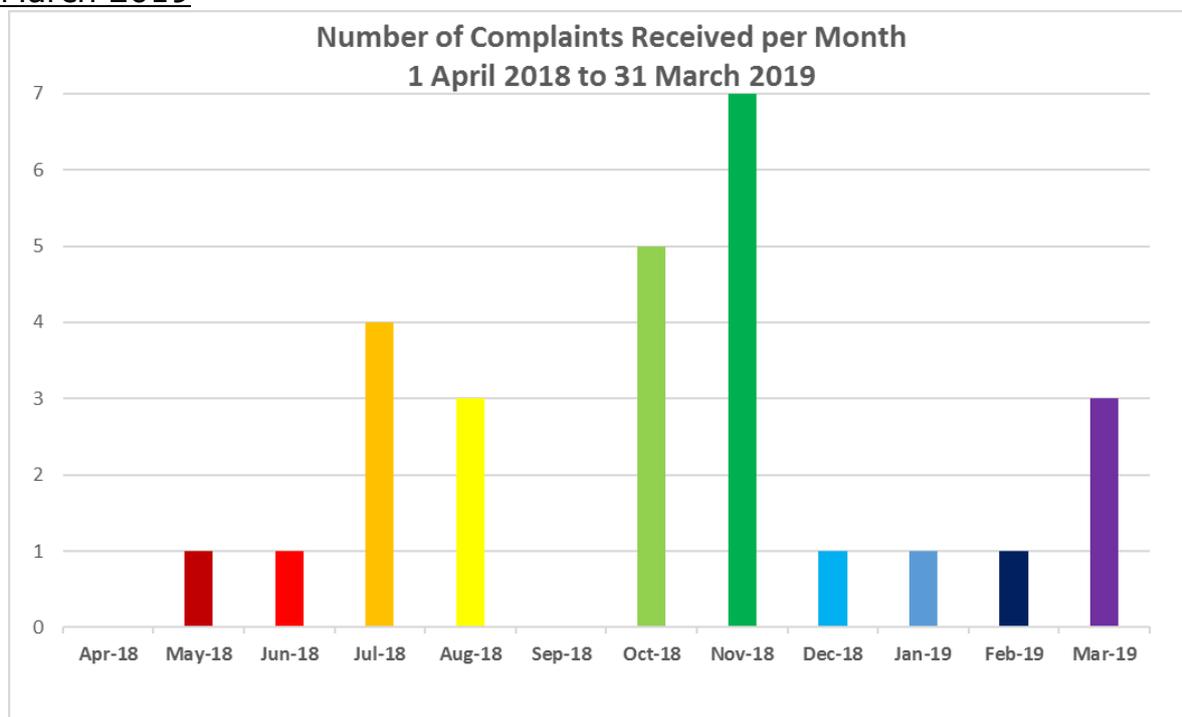
The graph in **Figure 3** below compares the trends in complaints and issues recorded from 2016-17, to date.

Figure 3 – Comparison of Annual Complaints and Issues Figures 2016-2019

Comparison of Annual Complaints and Issues Figures								
Reporting Year	Complaints Received	Complaints % Difference	Trend	Issues	Issues % Difference	Trend	PSOW Referral	Response in 30 Working Days
18-19	27	93%	⬆	13	44%	⬆	0	89%
17-18	14	100%	⬆	9	80%	⬆	1	71%
16-17	7	N/A	➔	5	N/A	➔	0	71%

4. TIMELINESS OF RESPONSE

The Protocol stipulates that all complaints will be acknowledged within two working days of receipt of the initial contact and that a full response to the points raised (where applicable), will be issued within 30 working days, excluding weekend and bank holidays.

During the period 1 April 2018 to 31 March 2019, **89%** of the complaints received were responded to within the 30 working day target, compared to

71% in 2017-18. This evidences an increase in our timeliness of our investigations and responses.

Three responses were issued outside of the target, being responded to at 32, 34 and 46 working days respectively, due the nature of their complexity and/or third party involvement. However, it should be noted that in all instances, holding communications were issued to the complainants detailing that NWSSP were still in the process of investigating the matters raised and that they would be provided with a substantive response as soon as the investigation had been concluded.

5. NATURE OF COMPLAINTS

A brief summary of the nature of the complaints received is set out below:

Workforce and Organisational Development
- Review of concerns regarding grievance process outcome, which were escalated to Managing Director for response; and
- Allegations of discrimination as to the process and ID requirements for recruitment of administrate/clerical bank worker in North Wales.

Procurement Services
- Concerns of bullying expressed, which were investigated and found to be without merit.

Primary Care Services
- Damage incurred whilst processing original birth certificate, provided by post; subsequent reimbursement actioned.

Employment Services
- Three complaints regarding pension arrangements, NHS Pensions and the Retire and Return Scheme; one of which was referred by the Pensions Ombudsman; and
- Two complaints received regarding Student Awards Services; bursary scheme and funding eligibility, referred by the Public Services Ombudsman for Wales; and poor standard of translation within the Welsh Language bursary form, referred by the Welsh Language Commissioner.

Complaints relating to Payroll Services, included:
- Six complaints regarding processing which led to overpayment of salary and one complaint raised regarding an underpayment;
- Two complaints regarding advice given on eligibility of Statutory Maternity Pay, Occupational Maternity Pay and associated childcare voucher deductions;
- Two complaints regarding processing errors resulting in incorrect emergency tax calculation and information provided to HMRC;
- Eligibility and payment associated with the Widening Access Scheme;
- Payroll processing error and subsequent Salary Sacrifice Scheme eligibility issue;
- Delay experienced with processing unpaid expenses;
- Incorrect incremental pay date recorded;
- General customer service etiquette, delays experienced and concerns regarding missing annual leave hours; and

- Missing enhancements from salary, following sickness absence.

6. PUBLIC SERVICES OMBUDSMAN WALES

No complaints were escalated to the Public Services Ombudsman Wales (PSOW) for independent investigation during 2018-19. However, we received a referral from PSOW to investigate a matter that had not previously been raised within NWSSP. We were able to resolve without further involvement by the PSOW.

7. RAISING AWARENESS OF THE IMPORTANCE OF EFFECTIVE COMPLAINTS MANAGEMENT

In order to continue raising awareness of the Protocol and associated process to ensure effective complaints management in the future, it is proposed that:

- Corporate Services develops refresher training / lunch and learn package for staff on effective handling of concerns. In depth and specific training sessions to be provided upon request (e.g. directorate specific/working group based). Sessions targeted at staff responsible for managing complaints and investigations of issues reported to highlight expectations, processes and compliance deadlines; they also provide a platform for feedback to be received from an operational level.
- Nominated individuals within directorates to review previous concerns raised within their service area to capture outcomes/lessons learned and to share knowledge/achieve best practice as to effective complaints management, in particular working closely with Employment Services' Service Improvement Team.
- The Protocol be reviewed during June 2019 and re-circulated to staff, together with communications published in the Rhannu internal staff newsletter, to further raise awareness. It is recognised that even those without responsibility for dealing with complaints need to be aware of the correct course of action, should they receive a complaint from a patient, service user, employee or another party.

8. RECOMMENDATION

The Committee are asked to:

- **NOTE** the Issues & Complaints Annual Report

The report is not Exempt

Teitl yr Adroddiad/Title of Report

Velindre University NHS Trust Audit Committee for NHS Shared Services Partnership (NWSSP) Audit Committee Annual Report 2018-19 and Terms of Reference

ARWEINYDD: LEAD:	Roxann Davies, Corporate Services NWSSP
AWDUR: AUTHOR:	Roxann Davies, Corporate Services NWSSP
SWYDDOG ADRODD: REPORTING OFFICER:	Peter Stephenson, Head of Finance & Business Development, NWSSP
MANYLION CYSWLLT: CONTACT DETAILS:	Andy Butler, Director of Finance & Corporate Services, NWSSP 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad: Purpose of the Report:
The purpose of this report is to provide the SSPC with: • the approved Annual Report for the NWSSP Audit Committee, for the financial year 2018-19; and • the approved Terms of Reference following an annual review undertaken in July 2019.

Llywodraethu/Governance	
Amcanion: Objectives:	Each of the five key Corporate Objectives
Tystiolaeth: Supporting evidence:	Individual reports submitted to Audit Committee

Ymgynghoriad/Consultation:
Who has been consulted on the details of the report? • NWSSP Audit Committee – Approved To be presented at: • NWSSP Senior Management Team – - Information and Assurance • Velindre University NHS Trust Board - Information and Assurance

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ APPROVE		**ARNODI/ ENDORSE**		**TRAFOD/ DISCUSS**		**NODI/ NOTE**	✓
Argymhelliad/ Recommendation	Outline the recommendation of the report The Committee is asked to **NOTE** the report						

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	No direct impact.
Cyfreithiol: Legal:	No direct impact.
Iechyd Poblogaeth: Population Health:	No direct impact.
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	Evidence suggests there is correlation between governance behaviour in an organisation and the level of quality and performance achieved.
Ariannol: Financial:	No direct impact.
Risg a Aswiriant: Risk and Assurance:	This report provides assurance to the Committee that NWSSP has robust assurance processes in place.
Safonnau Iechyd a Gofal: Health & Care Standards:	Standard 1: Governance, Leadership and Accountability http://gov.wales/docs/dhss/publications/150402 standardsen.pdf
Gweithlu: Workforce:	No direct impact
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Open – the report is **NOT** exempt.

Velindre University NHS Trust Audit Committee for NHS Shared Services Partnership (NWSSP)

1. NWSSP Audit Committee Annual Report 2018-19

The sixth Annual Report of the NWSSP Audit Committee, for the reporting period 2018-19, highlights the activities and details the performance of the Committee. The primary role of the Annual Report is to review the establishment and maintenance of the effective systems of internal control and risk management.

In achieving its aim, the Committee assesses the work undertaken by Internal Audit, External Audit and Local Counter Fraud Specialists, together with management in areas of governance, risk and control.

The Committee shall endeavour to continue to develop its functions and effectiveness and intends to seek further assurance, throughout 2019-20.

At NWSSP Audit Committee on 9 July 2019, the Committee APPROVED the Committee Annual Report 2018-19, as set out in **Appendix 1**. The Annual Report is presented to the SSPC for information and assurance and will be published on the NWSSP intranet and website.

2. NWSSP Audit Committee Terms of Reference July 2019

NWSSP utilises Velindre's Committee arrangements to assist in discharging its governance responsibilities. It is a requirement that NWSSP annually review its Audit Committee Terms of Reference, to ensure alignment with those of our host. Appendix 2 sets out the Terms of Reference for the Audit Committee, based on those of Velindre's Audit Committee and in accordance with model Standing Orders, reflecting the NHS Wales Audit Committee Handbook.

Minor amendments are suggested to the Terms of Reference, in order to bring them up to date, to include references to Velindre as a University NHS Trust, amendments to the Shared Services Partnership Committee Standing Orders on 1 March 2019, changes to Committee Membership and the ensuring Committee papers are issued within 5 working days of the meeting.

At NWSSP Audit Committee on 9 July 2019, the Committee APPROVED the revised Terms of Reference, as set out in **Appendix 2**. The Terms of Reference are presented to the Committee for information and assurance and will be published on the NWSSP intranet and website.

3. Recommendation

The Committee are asked to:

- **NOTE** the NWSSP Audit Committee Annual Report 2018-19; and
- **NOTE** the NWSSP Audit Committee Terms of Reference.

Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership

Annual Report 2018-2019

1.   FOREWORD

I am pleased to present the Annual Report of the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership. It outlines the coverage and results of the Committee's work for the year ending 31 March 2019.

During the year, I was supported by Independent Members, Judge Ray Singh and Professor Jane Hopkinson, who offer considerable knowledge and wide-ranging experience to the Committee. I would like to take this opportunity to put on record my sincere thanks for the significant contribution made by Professor Jane Hopkinson during her time with the Committee, as we welcome Mr Phil Roberts as an Independent Member from 1 April 2019.

I would like to express my thanks to all the Officers of the Committee who have supported and contributed to the work carried out and for their commitment in meeting important targets and deadlines.   I also wish to record my appreciation for the support and contribution given by Internal Audit at NWSSP, Local Counter Fraud Services and by the Wales Audit Office.

2018-19's meetings have been well attended, and there was constructive dialogue and challenge throughout.   Indeed, a characteristic of the Committee's work and its related meetings has been the willingness of all parties to raise issues, acknowledge shortcomings and put forward positive suggestions to help bring about meaningful improvements to services, systems and day-to-day working practices. This approach is to be welcomed and is very much appreciated by the Committee.

I am keen to foster and promote a culture of continual improvement and, as a Committee, we continued to conduct a brief effectiveness review session at the end of each meeting and introduced topical service presentations to the agenda in order to strengthen and engage in a meaningful way with this process.   The issuing of electronic Committee papers has contributed to effective sustainable development and has helped to reduce our environmental impact.

Going forward, the Committee intends to continue to pursue a full programme of work covering a wide range of topics and subject areas as part of its long-term aim to help further strengthen the governance arrangements of NWSSP, in order to achieve better value for money and high quality, sustainable outcomes for NHS Wales.

Mr Martin Veale JP
Chair of the Velindre University NHS Trust Audit Committee for NWSSP

2. INTRODUCTION

The Committee's business cycle runs from the closure of the Annual Accounts in one financial year to the next. This reflects its key role in the development and monitoring of the Governance and Assurance framework for NWSSP, which culminates in the production of the Annual Governance Statement.

This report sets out the role and functions of the Audit Committee and summarises the key areas of business undertaken during the year. In addition, the report sets out some of the key issues, which the Committee will be focussing on over the next few years.

3. ROLE, MEMBERSHIP, ATTENDEES AND COMMITTEE ATTENDANCES

3.1 Role

The Audit Committee advises and assures the Shared Services Partnership Committee (SSPC) on whether effective governance arrangements are in place through the design and operation of the SSPC Assurance Framework. This framework supports the SSPC in its decision-making and in discharging its accountabilities for securing the achievement of NWSSP's objectives in accordance with the standards of good governance determined for the NHS in Wales.

The Organisation's system of internal control has been designed to identify the potential risks that could prevent NWSSP achieving its aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur and seeks to manage them efficiently, effectively and economically. Where appropriate, the Committee will advise the SSPC (and Velindre University NHS Trust, where appropriate) and the Accountable Officer(s) on where and how the Assurance Framework may be strengthened and developed further.

The Committee's Terms of Reference are reviewed annually and are included within the Standing Orders for the SSPC and Velindre University NHS Trust.

Detail of the overall Assurance Framework is set out in **Figure 1** overleaf:

Figure 1: Overall Assurance Framework
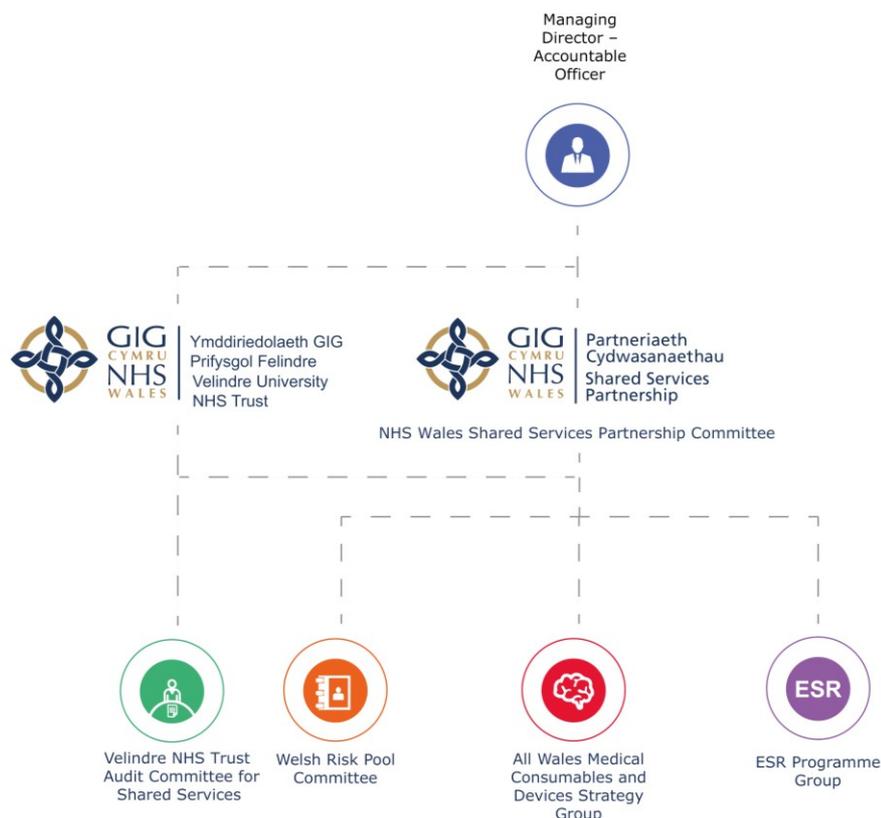
Underpinned through the overarching Velindre University NHS Trust legal and assurance framework

3.2 Membership

Given the hosting and specific governance responsibilities of Velindre in relation to NWSSP, Velindre University NHS Trust's Audit Committee also acts as the Audit Committee for NWSSP. As such, the same three Independent Members sit on both Audit Committees.

3.3 Attendees

The Committee's work is informed by reports provided by the Wales Audit Office (WAO), Internal Audit, Local Counter Fraud Services and NWSSP personnel. Although they are not members of the Committee, auditors and other key personnel from both Velindre University NHS Trust and NWSSP are invited to attend each meeting of the Audit Committee. Invitations to attend the Committee meeting are also extended where appropriate to staff where reports relating to their specific area of responsibility are discussed by the Audit Committee.

3.4 Attendance at Audit Committee 2018-19

During the year, the Committee met on five occasions. All meetings were quorate and were well attended as shown in **Figure 2** below:

Figure 2: Meetings and Member Attendance 2018-19

In Attendance	April 2018	June 2018	July 2018	Oct 2018	Jan 2019	Total
Committee Members						
Martin Veale, Chair & Independent Member	✓	✓	✓	✓	✓	**5/5**
Ray Singh, Independent Member	✓	✓	✓	✓		**4/5**
Professor Jane Hopkinson, Independent Member (to October 2018)	✓	✓	✓	✓	N/a	**4/4**
Phil Roberts, Independent Member (from January 2019)	N/a	N/a	N/a	N/a	✓	**1/1**
Wales Audit Office						
Audit Team Representative	✓	✓	✓		✓	**4/5**
NWSSP Audit Service						
Director of Audit & Assurance	✓	✓		✓	✓	**4/5**
Head of Internal Audit	✓	✓	✓	✓	✓	**5/5**
Audit Manager	✓	✓	✓	✓	✓	**5/5**
Counter Fraud Services						
Local Counter Fraud Specialist	✓	✓	✓		✓	**4/5**
NWSSP						
Margaret Foster, Chair NWSSP	✓	✓	✓			**3/5**
Neil Frow, Managing Director	✓	✓	✓	✓	✓	**5/5**
Andy Butler, Director of Finance & Corporate Services	✓	✓	✓	✓	✓	**5/5**
Peter Stephenson, Head of Finance & Business Development	✓	✓	✓	✓	✓	**5/5**
Roxann Davies, Corporate Services Manager	✓	✓	✓	✓	✓	**5/5**
NWSSP Secretariat	✓	✓	✓	✓	✓	**5/5**
Velindre University NHS Trust						
Mark Osland, Director of Finance			✓	✓	✓	**3/5**

4. AUDIT COMMITTEE BUSINESS

The Audit Committee provides an essential element of the organisation's overall assurance framework. It has operated within its Terms of Reference in accordance with the guidance contained within the NHS Wales Audit Committee Handbook.

The Audit Committee agenda broadly follows a standard format, comprising four key sections; External Audit, Internal Audit, Counter Fraud Services and 'Internal Control and Risk Management'. These are discussed further below.

4.1 External Audit (Wales Audit Office)

The Wales Audit Office (WAO) provides an Audit Position Statement at each meeting, summarising progress against its planned audit work. The following additional reports were presented during the year:

- WAO Nationally Hosted NHS IT Systems Assurance Report
- WAO Management Letter
- WAO Audit Assurance Arrangements 2019

WAO have stated that the findings of their work enabled them to place reliance on the services provided by NWSSP.

4.2 Internal Audit

Internal Audit have continued to support the organisation in the development and improvement of its governance framework by ensuring that the existing systems and processes of control are reviewed, weaknesses identified, and suggestions for improvement made.

19 Internal Audit reports were generated during 2018-19 and they achieved assurances as follows:

- **7** reports achieved Substantial assurance
- **10** reports achieved a Reasonable assurance
- **2** Advisory reports were generated (where assurance is not applicable)

Figure 3: Internal Audit Reports 2018-19 by Assurance Rating
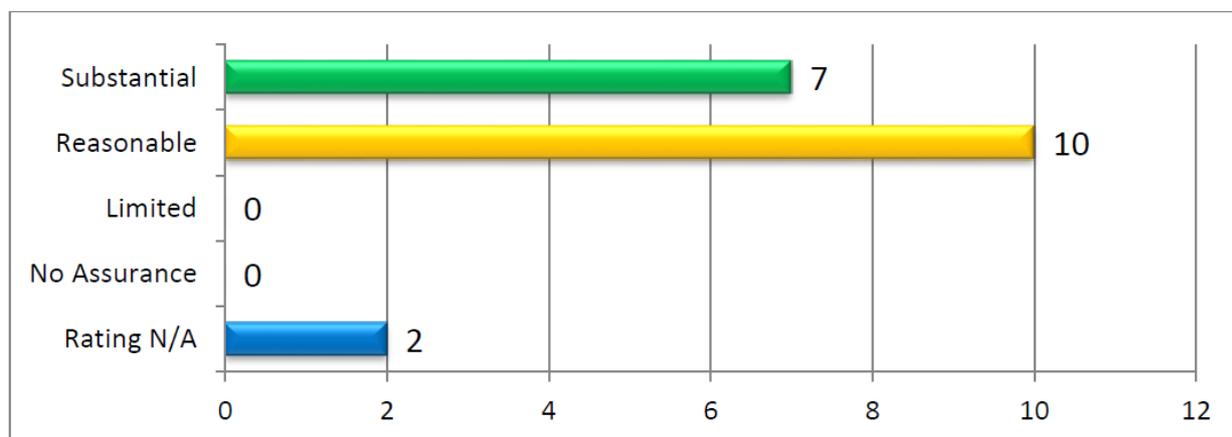
During 2018-2019, the areas covered by Internal Audit's programme of work included:

- Internal Audit Position Statement at each meeting
- Head of Internal Audit Opinion and Annual Report
- External Quality Assessment for NHS Wales
- Quality Assurance and Improvement Programme Report
- Internal Audit Operational Plan
- 19 Internal Audit Reports, as detailed in **Appendix A**.

Head of Internal Audit Opinion and Annual Report

| | The Shared Services Partnership Committee can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved. |
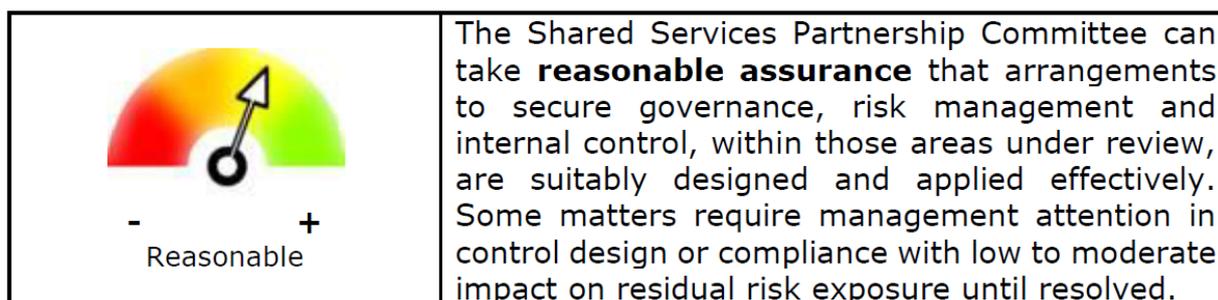
Figure 4: Head of Internal Audit Opinion: Reasonable Assurance

4.3 Local Counter Fraud Services

The work of the Local Counter Fraud Services is undertaken to help reduce and maintain the incidence of fraud (and/or corruption) within NWSSP to an absolute minimum. Regular reports were received by the Committee to monitor progress against the agreed Counter Fraud Plan, including the following:

- Progress Update at each meeting
- Counter Fraud Annual Report 2017-18
- Counter Fraud Work Plan 2018-19
- Counter Fraud Self Review Tool Submission 2017-18
- Counter Fraud Press Release

As part of its work, there is a regular annual programme of raising fraud awareness, for which a number of days are allocated and included as part of a Counter Fraud Work-Plan which is approved annually by the Audit Committee.

In addition to this a quarterly newsletter is produced which is available to all staff on NWSSP's intranet; all successful prosecution cases are publicised in order to obtain the maximum deterrent effect.

4.4 Internal Control and Risk Management

In addition to the audit reports dealt with by the Committee during the reporting period, a wide range of internally generated governance

reports/papers were produced for consideration by the Audit Committee including:

Annual Governance Statement: During 2018-19 the NWSSP produced its Annual Governance Statement which explains the processes and procedures in place to enable NWSSP to carry out its functions effectively. The Statement was produced following a review of NWSSP's governance arrangements undertaken by the NWSSP Senior Management Team and the Head of Finance and Business Development. The Statement brings together all disclosures relating to governance, risk and control for the organisation.

Tracking of Audit Recommendations: The Committee has continued focus on the timely implementation of audit recommendations; with any changes submitted, being challenged and/or approved by the Committee. During April 2018, the audit tracking process was subject to a review by Internal Audit, for which **substantial assurance** was provided.

Audit Committee Effectiveness Survey: An anonymised Committee Effectiveness Survey was undertaken in May 2019, to obtain feedback from Committee members on performance and potential areas for development. The statements used in the survey were devised in accordance with the guidance outlined within the NHS Audit Committee Handbook and aligned with the statements used by Velindre University NHS Trust for its Effectiveness Survey.

The survey received a 91% response rate (10 responses) and identified the following:

- Over 90% of all responses received were positive;
- All respondents felt that the Committee had been provided with sufficient authority and resource to perform its role effectively;
- All respondents considered that the Committee meets sufficiently frequently to deal with planned matters and that sufficient time is made available for questions and discussion;
- All respondents agreed that the atmosphere at Committee meetings is conducive to open and productive debate;
- All respondents agreed that the behaviour of members and attendees was courteous and professional; and
- All respondents agreed that the reports received by the Committee were timely and included the right format and content to enable the Committee to discharge its internal control and risk management responsibilities.

A full list of the internal reports/papers considered by the Audit Committee in 2018-19 is attached at **Appendix B** for information.

The results highlighted areas for consideration, which will form a Committee Effectiveness Action Plan for 2019-20, including 70% of respondents welcoming greater use of Committee paper software (e.g. iBabs); the monitoring of implementation of actions arising and lessons learned in relation

to Counter Fraud cases; and assessment of the quality and effectiveness of External Audit.

4.5 Private Meeting with Auditors

In line with recognised good practice, a private meeting was held on 6 February 2019, between Audit Committee members, Internal Audit, External Audit and the Local Counter Fraud Specialist. This provided an opportunity for any matters of concern to be raised without the involvement of Executives. No issues of concern arose from the meeting. All auditors are also aware that they can directly approach the Chair at any time with any matters that concerns them.

5. REPORTING AND COMMUNICATION OF THE COMMITTEE'S WORK

The Committee reports a summary of the key issues discussed at each of its meetings to the SSPC and to Velindre University NHS Trust Board by way of a 'Highlight Report'. In addition, this Annual Report seeks to bring together details of the work carried out during the reporting period, to review and test NWSSP's Governance and Assurance Framework. The outcome of this work has helped to demonstrate the effectiveness of NWSSP's governance arrangements and underpins the assurance the Committee was able to provide to both the SSPC and Velindre University NHS Trust.

6. CONCLUSION AND FORWARD LOOK

The work of the Audit Committee in 2018-19 has been varied and wide-ranging. The Committee has sought to play its part in helping to develop and maintain a more effective assurance framework, and improvements have been evidenced by the findings of internal and external audit.

Looking forward, the Audit Committee has identified the following priorities for 2019/20:
- A higher standard of assurance, through strengthening existing governance processes, particularly in relation to corporate risk management and assurance mapping;
- A continued focus on the timely implementation of audit recommendations; and
- Better value for money and service improvement, through actions to improve the use of Committee software to issue papers electronically and reduce our environmental impact.

APPENDIX A
List of Internal Audits Undertaken and Assurance Ratings

Internal Audit Assignment	Assurance Rating 2018-19	Date Presented To Audit Committee
General Pharmaceutical Services (including Prescribing)	Substantial	09/07/2019
General Medical Services	Substantial	09/07/2019
General Ophthalmic Services	Substantial	09/07/2019
General Dental Services	Substantial	09/07/2019
Risk Management and Assurance	Substantial	09/04/2019
Actions undertaken in response to the NHS Protect Ophthalmic Loss Measurement Exercise Report	Substantial	09/04/2019
Information Governance and General Data (GDPR)	Substantial	09/07/2019
Employment Services – Payroll Services All Wales	Reasonable	05/06/2018
Procurement Services - Accounts Payable All Wales	Reasonable	09/07/2019
Business Continuity Planning	Reasonable	09/04/2019
Cwmbran Stores	Reasonable	22/01/2019
Patient Medical Records	Reasonable	22/01/2019
Welsh Language Standards	Reasonable	22/01/2019
Health Courier Services	Reasonable	23/10/2018
Welsh Infected Blood Support Scheme	Reasonable	22/01/2019
Annual Leave Management	Reasonable	22/01/2019
Primary Care Rental Reimbursement Reviews	Reasonable	22/01/2019
Recruitment and Retention	Advisory Report Assurance Not Applicable	09/04/2019
BACS Bureau	Advisory Report Assurance Not Applicable	23/10/2018
Substantial Assurance Rating	*7*	
Reasonable Assurance Rating	*10*	
Limited Assurance Rating	*0*	
No Assurance Rating	*0*	
Assurance Not Applicable	*2*	
Total	**19**	

APPENDIX B
Internally Generated Assurance Reports/Papers

Report/Paper	Every Meeting	Annually	As Appropriate
Tracking of Audit Recommendations	✓		
Governance Matters	✓		
Corporate Risk Register	✓		
Audit Committee Forward Plan	✓		
Health and Care Standards Self-Assessment and Action Plan		✓	
Annual Governance Statement		✓	
Audit Committee Effectiveness Survey, Results and Benchmarking Exercise Update		✓	
Audit Committee Annual Report		✓	
Audit Committee Terms of Reference		✓	
Review of the Shared Services Partnership Committee's Standing Orders (SSPC SOs)			✓
Integrated Medium Term Plan (IMTP)		✓	
Risk Appetite Statement		✓	
Assurance Mapping		✓	
Declarations of Interest Annual Report		✓	
Caldicott Principles Into Practice (CPIP) Annual Report and Improvement Plan		✓	
No Purchase Order (PO), No Pay Policy			✓
Transfer of Management of Redress			✓
Information Commissioner's Office (ICO) Training Audit and Action Plan			✓
Annual Review 2017-18		✓	
Workforce Education and Development Services (WEDS) Legacy Report		✓	
Report on how Procurement Services minimises obsolete warehouse stock			✓
Service Presentations received by the Committee 2018-19			
Integrated Medium Term Plan (IMTP)			✓
Cyber and Information Security			✓
General Data Protection Regulations (GDPR) Readiness			✓
Audit Committee Effectiveness and Benchmarking		✓	
Electronic Staff Record (ESR) Hire2Retire Programme			✓

Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership

Terms of Reference & Operating Arrangements

July 2019

1. BACKGROUND

1.1 In May 2012, all Health Boards and Trusts approved the Standing Orders for Shared Services Partnership Committee. Section 4.0.3 of the Standing Orders (as amended 1 March 2019) states:

*"The SSPC shall establish a Sub-Committee structure that meets its own advisory and assurance needs and/or **utilise Velindre's Committee arrangements** to assist in discharging its governance responsibilities."*

These Terms of Reference set out the arrangements for utilising the Velindre University NHS Trust Audit Committee to support the discharge of those relevant functions in relation to NHS Wales Shared Services Partnership (NWSSP).

ORGANISATIONAL STRUCTURE

Velindre University NHS Trust has an interest in NWSSP on two levels:

a) The <u>internal governance</u> of NWSSP in relation to the host relationship; and
b) As a member of NWSSP Committee in relation to the running of <u>national systems and services</u>.

In 2012, it was agreed that the Velindre Audit Committee would be utilised to act on behalf of NWSSP Committee, that there would be a clear distinction between these two areas/functions and that they would be addressed separately under the Audit Committee arrangements. This 'functional split' allows for clear consideration of the issues relating specifically to the business of the nationally run systems and national services that are provided by NWSSP and avoids the boundaries between the governance considerations of the hosting relationship and the governance considerations of NWSSP being blurred. The functional split can be illustrated below:

(a) Governance (Host Relationship)	(b) Nationally Run Systems & Services
1 Velindre University NHS Trust 2 Audit Committee	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership

The governance and issues relating to the hosting of NWSSP dealt with in **(a)** will be incorporated into the standard business of the existing Velindre University NHS Trust Audit Committee, with a specific focus on alternating Trust Audit Committee business. The assurance for the business dealt with in **(a)** will be to the Velindre University NHS Trust Board. The Chair of NWSSP Audit Committee should receive copies of the meeting papers and will be invited to attend if there is anything on the agenda which has implications for the Shared Services Partnership Committee (SSPC).

Issues relating to NWSSP nationally run systems and services **(b)** will be fed into a separate Velindre University NHS Trust Audit Committee for NWSSP operating within its own work cycle. The assurance for the business dealt with in **(b)** will be to NWSSP Chair and the NWSSP Audit Committee, via the communication routes, detailed below.

The arrangements for **(a)** above, will not be considered further within these Terms of Reference, as it is for Velindre University NHS Trust Audit Committee to determine the relevant assurance required in relation to the host relationship.

This document goes on to outline the Terms of Reference for **(b)**, above.

2.   INTRODUCTION

2.1   Velindre University NHS Trust's Standing Orders provide that "*The Board may and, where directed by the Welsh Government must, appoint Committees of the Trust either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by Committees*".

2.2   In line with Standing Orders and NWSSP's scheme of delegation, the SSPC shall nominate, annually, a Committee to be known as the Velindre University NHS Trust Audit Committee for NWSSP. The detailed Terms of Reference and Operating Arrangements in respect of this Committee are set out below.

2.3   These Terms of Reference and Operating Arrangements are based on the model Terms of Reference, as detailed in the NHS Wales Audit Committee Handbook, June 2012.

3   PURPOSE

3.1   The purpose of the Audit Committee ("the Committee") is to:

- *Advise* and **assure** the SSPC and the Accountable Officer on whether effective arrangements are in place - through the design and operation of NWSSP's **system of assurance** - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the organisation's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

Where appropriate, the Committee will advise the Velindre University NHS Trust Board and SSPC as to where and how its system of assurance may be strengthened and developed further.

4   DELEGATED POWERS AND AUTHORITY

4.1   With regard to its role in providing advice to both Velindre University NHS Trust Board and the SSPC, the Audit Committee will comment specifically upon:

- The adequacy of NWSSP's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control across the whole of the organisation's activities, designed to support the public disclosure statements that flow from the assurance processes (including the Annual Governance Statement) and providing reasonable assurance on:

    - NWSSP's ability to achieve its objectives;
    - Compliance with relevant regulatory requirements, standards, quality and service delivery requirements, other directions and requirements set by the Welsh Government and others;
    - The reliability, integrity, safety and security of the information collected and used by the organisation;
    - The efficiency, effectiveness and economic use of resources; and
    - The extent to which NWSSP safeguards and protects all of its assets, including its people.

- NWSSP's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- The planned activity and results of Internal Audit, External Audit and the Local Counter Fraud Specialist (including Strategies, Annual Work Plans and Annual Reports);
- The adequacy of executive and management's response to issues identified by audit, inspection and other assurance activity, via monitoring of NWSSP's Audit Action Plan;
- Proposals for accessing Internal Audit service (where appropriate);
- Anti-fraud policies, whistle-blowing processes and arrangements for special investigations as appropriate; and
- Any particular matter or issue upon which the SSPC or the Accountable Officer may seek advice.

4.2   The Audit Committee will support the SSPC with regard to its responsibilities for governance (including risk and control) by reviewing:

- All risk and control related disclosure statements (in particular the Annual Governance Statement together with any accompanying Head of Internal Audit Statement, External Audit Opinion or other appropriate independent assurances), prior to endorsement by the SSPC;
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements; and
- The policies and procedures for all work related to fraud and corruption as set out in Welsh Government Directions and as required by NHS Protect.

4.3   In carrying out this work, the Audit Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.

4.4 This will be evidenced through the Audit Committee's use of effective governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Audit Committee to review and form an opinion on:

- The **comprehensiveness** of assurances in meeting the SSPC and the Accountable Officer's assurance needs across the whole of the organisation's activities; and
- The **reliability and integrity** of these assurances.

4.5 To achieve this, the Audit Committee's programme of work will be designed to provide assurance that:

- There is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the SSPC and the Accountable Officer through the Audit Committee;
- There is an effective Counter Fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the SSPC and the Accountable Officer through the Audit Committee;
- There are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the SSPC and the Accountable Officer or through the effective completion of Audit Recommendations and the Audit Committee's review of the development and drafting of the Annual Governance Statement;
- The work carried out by key sources of external assurance, in particular, but not limited to the SSPC's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity;
- The work carried out by the whole range of external review bodies is brought to the attention of the SSPC and that the organisation is aware of the need to comply with related standards and recommendations of these review bodies, together with the risks of failing to comply;
- The systems for financial reporting to the SSPC, including those of budgetary control, are effective; and
- The results of audit and assurance work specific to the organisation and the implications of the findings of wider audit and assurance activity relevant to the SSPC's operations, are appropriately considered and acted upon

to secure the ongoing development and improvement of the organisation's governance arrangements.

In carrying out this work, the Audit Committee will follow and implement the Audit Committee for Shared Services Annual Work Plan and will be evidenced through meeting papers, formal minutes, and highlight reports to the SSPC, Velindre Trust Board and annually, via the Annual Governance Statement, to the Velindre University NHS Trust's Chief Executive.

Authority

4.6 The Audit Committee is authorised by the SSPC to investigate or to have investigated any activity within its Terms of Reference. In doing so, the Audit Committee shall have the right to inspect any books, records or documents of NWSSP, relevant to the Audit Committee's remit and ensuring patient/client and staff confidentiality, as appropriate. It may seek relevant information from any:

- Employee (and all employees are directed to co-operate with any reasonable request made by the Audit Committee); and
- Any other Committee, Sub Committee or Group set up by the SSPC to assist it in the delivery of its functions.

4.7 The Audit Committee is authorised by the SSPC to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the SSPC's procurement, budgetary and other requirements.

Access

4.8 The Head of Internal Audit and the Audit Manager of External Audit shall have unrestricted and confidential access to the Chair of the Audit Committee at any time and the Chair of the Audit Committee will seek to gain reciprocal access as necessary.

4.9 The Audit Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist, without the presence of officials, on at least one occasion each year.

4.10 The Chair of Audit Committee shall have reasonable access to Executive Directors and other relevant senior staff.

Sub Committees

4.11 The Audit Committee may, subject to the approval of the SSPC, establish Sub Committees or Task and Finish Groups to carry out on its behalf specific aspects of Committee business. Currently, there is an established Welsh Risk Pool Committee which is a Sub Committee of the SSPC, however, there are no Sub Committees of the Audit Committee.

5   MEMBERSHIP

Members

5.1 A minimum of 3 members, comprising:

Chair	Independent member of the Board
Members	Two other independent members of the Velindre Trust Board.
	The Audit Committee may also co-opt additional independent 'external' members from outside the organisation to provide specialist skills, knowledge and expertise.
	The Chair of the organisation shall not be a member of the Audit Committee.

Attendees

5.2 In attendance:

> NWSSP Managing Director, as Accountable Officer
> NWSSP Chair
> NWSSP Director of Finance & Corporate Services
> NWSSP Director of Audit & Assurance
> NWSSP Head of Internal Audit
> NWSSP Audit Manager
> NWSSP Head of Finance and Business Development
> NWSSP Corporate Services Manager
> Representative of Velindre University NHS Trust
> Local Counter Fraud Specialist

Representative of the Auditor General for Wales

Other Executive Directors will attend as required by the Committee Chair

By invitation   The Committee Chair may invite:

- any other Partnership officials; and/or
- any others from within or outside the organisation

to attend all or part of a meeting to assist it with its discussions on any particular matter.

The Velindre Chief Executive Officer should be invited to attend, where appropriate, to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement.

Secretariat

5.3   Secretary   As determined by the Accountable Officer

Member Appointments

5.3   The membership of the Audit Committee shall be determined by the Velindre Trust Board, based on the recommendation of the Trust Chair; taking account of the balance of skills and expertise necessary to deliver the Audit Committee's remit and subject to any specific requirements or directions made by Welsh Government.

5.4   Members shall be appointed to hold office for a period of four years. Members may be re-appointed, up to a maximum of their term of office. During this time a member may resign or be removed by the Velindre Trust Board.

5.5   Audit Committee members' Terms and Conditions of Appointment, (including any remuneration and reimbursement) are determined on appointment by the Minister for Health and Social Services.

Support to Audit Committee Members

5.6   The NWSSP Head of Finance and Business Development and NWSSP Corporate Services Manager, on behalf of the Audit Committee Chair, shall:

- Arrange the provision of advice and support to Audit Committee members on any aspect related to the conduct of their role
- Ensure that Committee agenda and supporting papers are issued 5 working days in advance of the meeting taking place; and
- Ensure the provision of a programme of organisational development for Audit Committee members as part of the Trust's overall Organisational Development programme developed by the Velindre Executive Director of Workforce & Organisational Development.

6   AUDIT COMMITTEE MEETINGS

Quorum

6.1   At least two members must be present to ensure the quorum of the Audit Committee, one of whom should be the Audit Committee Chair or Vice Chair.

Frequency of Meetings

6.2   Meetings shall be held no less than quarterly and otherwise as the Chair of the Audit Committee deems necessary, consistent with NWSSP's Annual Plan of Business. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

Withdrawal of Individuals in Attendance

6.3   The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

7   RELATIONSHIP & ACCOUNTABILITIES WITH THE TRUST BOARD & SSPC DELEGATED TO THE AUDIT COMMITTEE

7.1   Although the Velindre Trust Board, with the SSPC and its Sub Committees, including the Welsh Risk Pool Sub Committee, has delegated authority to the Audit Committee for the exercise of certain functions as set out within these Terms of Reference, it

retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens through the effective governance of the organisation.

7.2   The Audit Committee is directly accountable to the Velindre Trust Board for its performance in exercising the functions set out in these Terms of Reference.

7.3   The Audit Committee, through its Chair and members, shall work closely with NWSSP and its other Sub Committees to provide advice and assurance to the SSPC by taking into account:

- Joint planning and co-ordination of the SSPC business; and
- Sharing of information

in doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into NWSSP's overall risk and assurance arrangements. This will primarily be achieved through the discussions held at the SSPC, annually, at the end of the financial year.

7.4   The Audit Committee will consider the assurance provided through the work of the SSPC's other Committees and Sub Committees to meet its responsibilities for advising the SSPC on the adequacy of the organisation's overall system of assurance by receipt of their annual workplans.

7.5   The Audit Committee shall embed the SSPC's and Trust's corporate standards, priorities and requirements, e.g. equality and human rights, through the conduct of its business.

8   REPORTING AND ASSURANCE ARRANGEMENTS

8.1   The Audit Committee Chair shall:

- Report formally, regularly and on a timely basis to the Board, SSPC and the Accountable Officer on the Audit Committee's activities. This includes verbal updates on activity and the submission of committee minutes, and written highlight reports throughout the year;
- Bring to the Velindre University NHS Trust Board, SSPC and the Accountable Officer's specific attention any significant matters under consideration by the Audit Committee; and
- Ensure appropriate escalation arrangements are in place to alert the SSPC Chair, Managing Director (and Accountable

Officer) or Chairs of other relevant Committees, of any urgent/critical matters that may affect the operation and/or reputation of the organisation.

8.2 The Audit Committee shall provide a written Annual Report to the SSPC and the Accountable Officer on its work in support of the Annual Governance Statement, specifically commenting on the adequacy of the assurance arrangements, the extent to which risk management is comprehensively embedded throughout the organisation, the integration of governance arrangements and the appropriateness of self-assessment activity against relevant standards. The report will also record the results of the Audit Committee's self-assessment and evaluation.

8.3 The Velindre Trust Board and SSPC may also require the Audit Committee Chair to report upon the Audit Committee's activities at public meetings or to community partners and other stakeholders, where this is considered appropriate, e.g. where the Audit Committee's assurance role relates to a joint or shared responsibility.

8.4 The NWSSP Head of Finance and Business Development and Corporate Services Manager, on behalf of the Partnership, shall oversee a process of regular and rigorous self-assessment and evaluation of the Audit Committee's performance and operation, including that of any Sub Committees established. In doing so, account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.

9 APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

9.1 The requirements for the conduct of business as set out in the NWSSP's Standing Orders are equally applicable to the operation of the Audit Committee, except in the following areas:
- Quorum *(as per section on Committee meetings)*
- Notice of meetings
- Notifying the public of meetings
- Admission of the public, the press and other observers

10 REVIEW

10.1 These Terms of Reference and operating arrangements shall be reviewed annually by the Audit Committee with reference to the SSPC and Velindre Trust Board.

GIG CYMRU NHS WALES Partneriaeth Cydwasanaethau Shared Services Partnership	**AGENDA ITEM:** **18 July 2019**

The report is not Exempt

Teitl yr Adroddiad/Title of Report
NWSSP Audit Committee Highlight Report – 9 July 2019

ARWEINYDD: **LEAD:**	Peter Stephenson Head of Finance & Business Development
AWDUR: **AUTHOR:**	Roxann Davies Corporate Services
SWYDDOG ADRODD: **REPORTING OFFICER:**	Andy Butler Director of Finance & Corporate Services
MANYLION CYSWLLT: **CONTACT DETAILS:**	Andy Butler Director of Finance & Corporate Services 01443 848552 / Andy.Butler@wales.nhs.uk

Pwrpas yr Adroddiad: **Purpose of the Report:**
The purpose of this paper is to provide the SSPC with details of the key issues considered by the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership at its meeting on 9 July 2019.

Llywodraethu/Governance

Amcanion: **Objectives:**	Each of the five key Corporate Objectives
Tystiolaeth: **Supporting evidence:**	Individual reports submitted to Audit Committee

Ymgynghoriad/Consultation:
Who has been consulted on the details of the report? • NWSSP Audit Committee

Adduned y Pwyllgor/Committee Resolution (insert √):							
DERBYN/ **APPROVE**		**ARNODI/** **ENDORSE**		**TRAFOD/** **DISCUSS**		**NODI/** **NOTE**	✓

Argymhelliad/ **Recommendation**	Outline the recommendation of the report • The Committee is asked to **NOTE** the report

Crynodeb Dadansoddiad Effaith: **Summary Impact Analysis:**	
Cydraddoldeb ac amrywiaeth: **Equality and diversity:**	No direct impact
Cyfreithiol: **Legal:**	No direct impact
Iechyd Poblogaeth: **Population Health:**	No direct impact
Ansawdd, Diogelwch a Profiad y Claf:	No direct impact

Quality, Safety & Patient Experience:	
Ariannol: **Financial:**	No direct impact
Risg a Aswiriant: **Risk and Assurance:**	This report provides assurance to the Committee that NWSSP has robust risk management processes in place.
Safonnau Iechyd a Gofal: **Health & Care Standards:**	Access to the Standards can be obtained from the following link: http://gov.wales/docs/dhss/publications/150402standardsen.pdf
Gweithlu: **Workforce:**	No direct impact
Deddf Rhyddid Gwybodaeth/ **Freedom of Information**	Open or closed (i.e. is the information exempt) Assess if the information can be disclosed into the public domain, if not it will need to be presented as a part 2 agenda item.

HIGHLIGHT REPORT FROM THE VELINDRE UNIVERSITY NHS TRUST AUDIT COMMITTEE FOR NWSSP

1. CEFNDIR/BACKGROUND

The Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership (the "Audit Committee") provides assurance to the Shared Services Partnership Committee (SSPC) on the issues delegated to them through the Trust and NWSSP Standing Orders.

A summary of the business matters discussed at the meeting held on 9 July 2019 is outlined below:

ALERT	No matters to alert/escalate.
ADVISE	No matters to advise.

ASSURE	**External Audit**
	
	Wales Audit Office (WAO) presented their Position Statement, which set out progress against the work plan, confirmed that the Management Letter and Nationally Hosted NHS IT Systems Report were complete and highlighted a range of good practice events and publications, which Committee Members may be interested in attending.
	  o The Nationally Hosted NHS IT Systems Report identified seven new recommendations and noted two actions not yet implemented had been carried forward from the previous report.
	  o The Management Letter highlighted three new recommendations confirmed that there were no significant concerns to bring to the attention of the Committee at this time, which would prevent reliance on the services provided.

ASSURE	**Internal Audit**
	
	The Committee received a comprehensive update from Internal Audit and in addition to the Position Statement, received the following reports for consideration:
	• Primary Care Services Contractor Payments Internal Audit Report
	    o Achieved substantial assurance with three recommendations for action; two medium and one low priority.
	• General Data Protection Regulations (GDPR) Internal Audit Report
	    o Achieved substantial assurance with three recommendations for action; two medium and one low priority.
	• Purchase to Pay Internal Audit Report
	    o Achieved reasonable assurance with four medium priority recommendations for action.
	• The Head of Internal Audit Opinion and Annual Report 2018-19 was presented and the Committee noted achievement of Reasonable Assurance, comparable to the 2017-18 rating.
	• The Quality Assurance & Improvement Programme was well received by the Committee who noted it was a positive report with findings consistent with 2017-18.

	Assurance, Risk and Governance The Committee approved the Annual Governance Statement 2018-19, the Audit Committee Terms of Reference and the Audit Committee Annual Report 2018-19. In relation to the tracking of Audit Recommendations, progress was reported as 171 total recommendations, of which 160 were implemented, 7 were not yet due, 2 were overdue and 2 were not with NWSSP's gift to implement. The Committee noted the update received in relation to Assurance Mapping, a review of which would be undertaken at local Senior Management Team meetings and findings presented to the Committee during October 2019. The Corporate Risk Register was discussed and it was noted that there were two red risks for action: • The demise of the Exeter software system, a long-standing risk where the preferred option remains working with Northern Ireland; and • The risk surrounding the impact of a no-deal Brexit for NHS Wales. The Health and Care Standards Self-Assessment was endorsed by the Committee and noted the improvement in the rating as 4, comparable with 3 during 2017-18, outlining good progress had been made against the Action Plan.

	Counter Fraud The Committee received a comprehensive update from the Local Counter Fraud Specialist and in addition to the Progress Report, received a helpful paper detailing lessons learned from previous investigations undertaken. The NHS Wales Fighting Fraud Strategy received positive feedback. This is supported by an action plan and sets out the strategic direction for all assurance providers across the NHS in Wales in the effort to counter fraud. The Strategy has been approved within Welsh Government and by the NHS Wales Directors of Finance Group. The Committee approved the Counter Fraud Annual Report 2018-19, Self-Review Submission Tool and delegated responsibility for approval of the Counter Fraud Work Plan 2019-20 to NWSSP's Director of Finance and Corporate Services, subject to confirmation of the number of days provided.
INFORM - OTHER AGENDA ITEMS	Additional agenda items presented to the Committee included a presentation in relation to Audit Committee Effectiveness, a verbal update on Declarations of Interest and report on Governance Matters. The following items were received for information: • Audit Committee Forward Plan • Wales Audit Office Audit ISA260 Report • Freedom of Information Request Annual Report • Caldicott Principles Into Practice Annual Report

2. ARGYMHELLIAD/RECOMMENDATION

The Committee are asked to:

• **NOTE** the Highlight Report

GIG
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NHS
WALES
| Partneriaeth
Cydwasanaethau
Shared Services
Partnership

**NHS WALES SHARED SERVICES PARTNERSHIP
MONITORING RETURN COMMENTARY FOR PERIOD 2 – MAY 2019**

This summary report provides a review of NHS Wales Shared Services Partnership's (NWSSP) performance for May 2019 and should be read in conjunction with the Monitoring Return tables submitted for Month 2.

Thank you for your letter of 26th May 2019 responding to the Month 1 monitoring return submission. The action points raised have been addressed within this return and further information provided where requested

Overview of Performance and Financial Position

NWSSP's financial position for Period 2 is reported at break-even. This is after providing for the pro-rata 2019/20 savings distribution of £0.750m per the submitted IMTP, of which £0.306m will be distributed and £0.444m has been recurrently reinvested. This forecast also assumes the return of the 2018/19 brokerage provided of £0.500m which has been invoiced for in May.

1. **Actual Year to Date and Forecast Under/Overspend 2019/20 (Tables A, B & B2)**

    Table A has been completed to reconcile to the IMTP submission as requested. This has been updated for the over-achievement of £0.329m of non-recurrent savings achieved to Month 2 with the inclusion of a reserve for potential distribution/reinvestment to offset this.

    The actual position for month 2 has been reported with the forecast position for months 3-12. This identifies a projected full year outturn at break-even and has been undertaken based on year 1 of the IMTP assumptions. Monthly reviews of our forecast will be undertaken throughout the year to ensure a break-even year end outturn position is achieved and any additional savings or required changes are identified as early as possible.

    The key points to note within the actual and forecast position are:

    *   Depreciation charges of £2.376m have been forecast for 2019/20 based on our current depreciation profile and the additional charges from assets

that will be purchased from the 2019/20 approved discretionary capital of £0.600m. These will be subject to a full review before the next non-cash submission. Income from WG of £0.825m has been anticipated in Table E in respect of the charges over and above the baseline depreciation funding of £1.551m. As requested we raised an invoice for our baseline provider depreciation funding in May.

- £16.768m income and expenditure is included to Month 2 in relation to the WRP DEL budget. This expenditure is reported separately on line 9 – Losses, Special Payments & Irrecoverable Debts.

  The WRP DEL budget for 2019/20 has again been set at £75.000m. The forecast for 2019/20, as identified in our IMTP is £110.200m. Additional funding of £31.500m is forecast to be required due to the impact of the PIDR and forecast income of £3.700m will be generated under the risk sharing agreement. This additional income has been anticipated in Table E. The 2019/20 WRP outturn has been profiled to £111.459m which includes £1.259m redress expenditure.

  The balance of the 2019/20 forecast expenditure has been profiled equally over months 3-12 and the associated WG income, PIDR income and risk sharing agreement income has also been profiled on this basis.

- £2.189m of income and expenditure has been included in respect of ESR Enhance based on the most recent recharge profile received from the Department of Health. This will change during the financial year when revised schedules are received based on the progress of the rollout of system functionality.

- An estimate of the GP trainee expenditure and the associated recharges to LHBs/Trusts/Deanery (£27.059m) has been made within the forecast, although as they are charged based on actual expenditure incurred, these may be subject to change, particularly following the rotations in August and February.

- An estimate of Stores expenditure and recharges to NHS Wales of £35.000m have been included within the forecast.

- The actual Microsoft Office 365 charges for 2019/20 were confirmed earlier this week following the conclusion of contract negotiations. We await confirmation from Welsh Government regarding the availability of any funding to cover these increased costs.

2. Underlying Position (Table A1)

There is no brought forward deficit to report for NWSSP. The non-recurrent savings, funding and income generation linked through from Table A have been in the main offset with non-recurrent pressures (primarily WRP risk sharing agreement) that will not be carried forward. The table reports a £0.267m pressure carried forward where non-recurrent savings have been used to fund recurrent cost pressures in 2019/20 and further savings plans are being developed to ensure this underlying gap is closed to enable a breakeven underlying position to be reported in future. This is an increase on the figure reported in Month 1 as non-recurrent over-achievement of savings that relate to recurrent schemes were incorrectly classified against the recurrent schemes.

3. Ring Fenced Funding (Table B)

Baseline depreciation funding of £1.551m has been invoiced for in May. The current forecast charges for 2019/20 based on our depreciation profile for current assets and the 2019/20 discretionary expenditure of £0.600m total £2.376m, indicating additional funding of £0.825m will be required.

The minor difference reported between Table B and Table E has been corrected in Month 2 so that both tables show £0.825m additional depreciation funding is anticipated **(Action Point 1.6)**

4. Net Expenditure Profile Analysis (Table B1)

This table has been populated with the actual and forecast information. As we are required to report a neutral position within the Velindre ledger each month, the non pay forecast will change from plan due to the break-even accrual made each month to report the position.

In prior years the plan would be amended in order that the actual pay and non pay variances reported in Table B1 reconcile to the actual variances reported in the ledger. We note the reminder that the gross plans should not be amended so the variances reported will no longer reflect the ledger position we report in 2019/20 **(Action Point 1.1)**

There are a number of gross non pay expenditure movements identified in Table B1 primarily due to the pharmacy rebate and ESR recharges which are both invoiced for and recharged quarterly **(Action Point 1.2)**

5. **Agency/Locum (Premium) Expenditure (Table B2 – Sections B & C)**

Agency expenditure of £0.058m, 0.9% of total pay expenditure (0.7% year to date), was reported in Month 2 due to the requirement to cover vacancies, sickness and additional workload. A monthly forecast agency expenditure of £0.050m has been assumed throughout 2019/20. The NWSSP SMT reviews agency expenditure monthly in an attempt to reduce this and further recruitment to the NWSSP bank has assisted significant agency spend reductions from previous financial years.

6. **Savings Plans (Tables C, C1, C2 & C3)**

These tables have been completed this month as requested with the NWSSP 2019/20 savings schemes and reconcile back to the required savings plan total as identified in Table A per the IMTP. Actual achievement of these savings schemes has been recorded against each plan with the addition of some non-recurrent savings that have been made.

The inclusion of a negative non pay savings achievement in April and May is due to the inclusion of a balancing scheme to reconcile to our non pay variance reported in our financial ledger. As non pay is slightly overspent in each month this has been reflected as a non-achievement of savings **(Action Point 1.3)**

7. **Income Assumptions 2019/20 (Tables D & E)**

Table D has been populated with the forecast NHS income & expenditure per our IMTP. We are continuing work to review all the income & expenditure assumptions included in this table and will revise this table accordingly once this exercise has been completed.

Table E has been populated with the budgeted income streams by NHS Organisation with a number of additional income streams included that have been anticipated within our forecast financial position. These totals will not reconcile to the NHS Income reported in Table B or the NHS Income & Expenditure reported in Table D. This is due to the ledger reporting of intra-trading within Velindre, classification of non-material NHS recharges against pay/non pay per the manual for accounts and solicitor income not recorded against NHS income subjectives.

Table E includes a £6.000m income assumption in respect of pharmacy rebates. These are all repatriated back to UHBs and we have assumed the equivalent £6.000m expenditure in our plan. If the rebates received are less than the

£6.000m anticipated then the actual repatriation back to UHBs will also be less so there is no risk to our financial plan **(Action Point 1.7)**

8. Healthcare Agreements & Major Contracts

Not applicable to NWSSP.

9. Risk Management (Table F)

The risks identified within our IMTP have been included within Table F and the values and risk levels have been reviewed in month. Two risks have reduced to low, however all the risk values remain the same as these cannot be adjusted any further this early in the financial year **(Action Point 1.5)**

The WG anticipated funding of £0.274m comprises the following:

	INITIATIVE	£
1	Primary Care Adverts	36,150
2	Strategic Pay Modelling	110,061
3	Certificate of Sponsorship - additional post	22,952
4	Primary Care Recruitment expansion	22,952
5	Primary Care Payroll support	51,739
6	Primary Care Advertising & Workforce reporting tool	29,875
	TOTAL	273,729

Initiatives 1 and 2 are already implemented and being supported. Initiatives 3-6 are potential requirements as identified in our IMTP, however funding has been assumed and needs to be confirmed before these initiatives are progressed further when required **(Action Point 1.4)**

10. Statement of Financial Position and Aged Welsh NHS Debtors (Tables G & N)

NWSSP has not been requested to complete Table G.

At the close of Month 2, there were 13 invoices exceeding 11 weeks of which four have now been paid, and there is one invoice exceeding 17 weeks which is being urgently chased for payment.

11. Cash Flow Forecast (Table H)

This table is not required for NWSSP.

12. Public Sector Payment Compliance (Table I)

This table is not required for NWSSP, although it is pleasing to report that the NWSSP PSPP achievement for Month 2 was in excess of 98%

13. Capital Schemes & Other Developments (Tables J, K & L)

These tables have been populated for the first time in Month 2 and reflect the current forecast capital spend with a high level profile which will be refined as we further confirm the capital allocations to our services.

A breakdown of the immediate capital expenditure requirements for IP5 has now been submitted to Welsh Government and we await confirmation of the funding for these.

14. EFL (Table M)

This table is not required for completion by NWSSP.

15. Other Issues

The financial information provided in this return is an accurate assessment of the NWSSP financial position at this point in time and aligns to the details provided in the NWSSP Partnership Committee and Senior Management Team reports.

It is pleasing to be able to set a balanced budget for 2019/20 and to report a positive month 2 position with confidence in the achievement of the IMTP showing a forecast year-end break-even position and the distribution of £0.750m savings to NHS Wales.

The Shared Services Partnership Committee will receive the Month 2 and 3 Financial Monitoring Return at the next meeting on 18th July 2019.

16.   Authorisation of Return

ANDREW BUTLER
DIRECTOR OF FINANCE AND
CORPORATE SERVICES

12th June 2019

NEIL FROW
MANAGING DIRECTOR
NWSSP

NHS Wales Shared Services Partnership

Table A - Movement of Opening Financial Plan to Forecast Outturn

This Table is currently showing 0 errors

Line 11 should reflect the corresponding amounts included within the latest IMTP submission to WG
Lines 1 - 11 should not be adjusted after Month 1

		In Year Effect £'000	Non Recurring £'000	Recurring £'000	FYE of Recurring £'000
1	Underlying Position b/fwd from Previous Year - as per 3 year plan (Surplus - Positive Value / Deficit - Negative Value)	0	0	0	0
2	New Cost Pressures - as per 3 year plan (Negative Value)	-6,991	-4,544	-2,447	-2,447
3	**Opening Cost Pressures**	**-6,991**	**-4,544**	**-2,447**	**-2,447**
4	Identified Savings Plan (Positive Value)	1,031	302	729	729
5	Savings / Mitigating Actions Yet To Be Identified (Positive Value)				
6	Welsh Government Funding (Positive Value)	821	547	274	274
7	Net Income Generated (Positive Value)	5,139	3,962	1,177	1,177
8	Planned Accountancy Gains (Positive Value)	0	0	0	0
9	Release of Uncommitted Contingencies & Reserves (Positive Value)				
10					
11	**Opening Financial Plan**	**0**	**267**	**-267**	**-267**
12	Cost Pressures b/fwd from Previous Year - unidentified within 3 year plan (Negative Value)				
13	Opening Plan Savings - Forecast (Underachievement) / Overachievement	253	253	0	0
14	Additional In Year Identified Savings - Forecast (Positive Value)	0	0	0	0
15	Additional In Year Identified Accountancy Gains (Positive Value)	0	0	0	0
16	Additional Net Income Generated (Positive Value)	76	76	0	0
17	Non Identification of Savings / Mitigating Actions Yet To Be Identified in Opening Plan	0	0	0	0
18	Release of Previously Committed Contingencies & Reserves (Positive Value)	0			
19	Additional In Year Welsh Government Funding (Positive Value)	0			
20	Reinvestment/Distribution Reserve	-329	-329		
21		0			
22		0			
23		0			
24		0			
25		0			
26		0			
27		0			
28		0			
29		0			
30		0			
31		0			
32		0			
33		0			
34		0			
35		0			
36		0			
37		0			
38	**Forecast Outturn (- Deficit / + Surplus)**	**0**	**267**	**-267**	**-267**

Table A - Movement of Opening Financial Plan to Forecast Outturn

	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	In Year Effect £'000
18													0
19													0
20	-174	-155											-329
21													0
22													0
23													0
24													0
25													0
26													0
27													0
28													0
29													0
30													0
31													0
32													0
33													0
34													0
35													0
36													0
37													0

NHS Wales Shared Services Partnership

Table C - Identified Expenditure Savings Schemes (Excludes Income Generation and Accountancy Gains)

Period : May 19

Scheme		1 Apr £'000	2 May £'000	3 Jun £'000	4 Jul £'000	5 Aug £'000	6 Sep £'000	7 Oct £'000	8 Nov £'000	9 Dec £'000	10 Jan £'000	11 Feb £'000	12 Mar £'000	Total YTD	Full-year forecast	YTD as %age of FY Budget/Plan	FY Variance as %age of YTD Budget/Plan	Green £'000	Amber £'000	non recurring £'000	recurring £'000	Full-Year Effect of Recurring Savings £'000
CHC and Funded Nursing Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
Commissioned Services	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
Medicines Management (Primary & Secondary Care)	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
Non Pay	Budget/Plan	6	6	6	6	6	6	6	6	6	6	6	6	12	71			71	0			
	Actual/FCast	(4)	(26)	6	6	6	6	6	6	6	6	6	6	(30)	29			29	0			
	Variance	(10)	(32)	0	0	0	0	0	0	0	0	0	0	(42)	(42)	(104.02%)	(354.93%)	(42)	0	(42)	71	71
Pay	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	160	960			740	220			
	Actual/FCast	225	230	80	80	80	80	80	80	80	80	80	80	455	1,255			1,035	220			
	Variance	145	150	0	0	0	0	0	0	0	0	0	0	295	285	36.25%	184.38%	285	220	597	658	658
Primary Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
Total	Budget/Plan	86	86	86	86	86	86	86	86	86	86	86	86	172	1,031			811	220			
	Actual/FCast	221	204	86	86	86	86	86	86	86	86	86	86	425	1,284			1,064	220	555	729	
	Variance	135	118	0	0	0	0	0	0	0	0	0	0	253	253	33.09%	147.24%	253	0	555	729	729

NHS Wales Shared Services Partnership

Period : May 19

Table C - Identified Expenditure Savings Schemes (Excludes Income Generation and Accountancy Gains)
NHS Wales Shared Services Partnership

Table C1 - Savings Schemes Pay Analysis

Period : May 19

	Month	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Total YTD £'000	Full-year forecast £'000	YTD variance as %age of YTD Budget/Plan	Green £'000	Amber £'000	non recurring £'000	recurring £'000	Full-Year Effect of Recurring Savings £'000
1 Changes in Staffing	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	160	960		740	220			
2	Actual/FCast	167	121	80	80	80	80	80	80	80	80	80	80	288	1,088	26.47%	868	220	430	658	658
3 Establishment	Variance	87	41	0	0	0	0	0	0	0	0	0	0	128	128	80.00%	128	0	0	0	
4	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
5 Variable Pay	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
6	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
7	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
8 Locum	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
9	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
10 Agency / Locum paid at a	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
11 premium	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
12	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
13	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
14 Changes in Bank Staff	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
15	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
16	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
17 Other (Please Specify)	Actual/FCast	58	109	0	0	0	0	0	0	0	0	0	0	167	167	100.00%	167	0	167	0	
18	Variance	58	109	0	0	0	0	0	0	0	0	0	0	167	167		167	0	0	0	
19	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	160	960		740	220			
20 Total	Actual/FCast	225	230	80	80	80	80	80	80	80	80	80	80	455	1,255	38.25%	1,035	220	597	658	658
21	Variance	145	150	0	0	0	0	0	0	0	0	0	0	295	295	184.36%	295	0	0	0	

Table C2 - Savings Schemes Agency/Locum Paid at a Premium Analysis

Period : May 19

	Month	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Total YTD £'000	Full-year forecast £'000	YTD variance as %age of YTD Budget/Plan	Green £'000	Amber £'000	non recurring £'000	recurring £'000	Full-Year Effect of Recurring Savings £'000
1 Reduced usage of	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
2 Agency/Locums paid at a	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
3 premium	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
4 Non Medical 'off contract'	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
5 to 'on contract'	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
6	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
7 Medical - impact of	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
8 Agency pay rate caps	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
9	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
10	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
11 Other (Please Specify)	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
12	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
13	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			0
14 Total	Actual/FCast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	
15	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	

NHS Wales Shared Services Partnership

Table C3 - Savings Tracker

Summary of Forecast Savings (£000's)	Cash-Releasing Saving (Pay)	Cash-Releasing Saving (Non Pay)	Cost Avoidance	Savings Total	Income Generation	Accountancy Gains
Planned Care	0	0	0	0	0	0
Unscheduled Care	0	0	0	0	0	0
Primary and Community Care (Excl Presc	0	0	0	0	0	0
Mental Health	0	0	0	0	0	0
Clinical Support	0	0	0	0	0	0
Non Clinical Support (Facilities/Estates/C	1,255	29	0	1,284	5,215	0
Commissioning	0	0	0	0	0	0
Across Service Areas	0	0	0	0	0	0
CHC	0	0	0	0	0	0
Prescribing	0	0	0	0	0	0
Medicines Management (Secondary Care	0	0	0	0	0	0
Total	1,255	29	0	1,284	5,215	0

NHS Wales Shared Services Partnership

Period :   May 19

This Table is currently showing 0 errors

Table F - Overview Of Key Risks / Opportunities Affecting Forecast Outturn

		FORECAST YEAR END			
		Worst Case £'000	Likelihood	Best Case £'000	Likelihood
	Current Reported Forecast Outturn	(0)		(0)	
	Risks (negative values)				
1	Non delivery of Saving Plans/CIPs				
2	WHSSC Performance				
3	Other Contract Performance				
4	WG Income assumed is not forthcoming	(274)	Medium		
5	Income generation schemes do not achieve income targets	(200)	Medium		
6	Service demands/activity levels increase above anticipated levels	(250)	Medium		
7	Inability to recruit to substantive posts and continuing to incur higher agency costs	(150)	Medium		
8	Lack of capital funds incur increased vehicle hire/maintenance costs	(300)	Low		
9	No funding for pension discount rate increase is received	0	Low		
10	Vacancy factor decreases below that assumed in budget setting	(300)	Low		
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
	Opportunities (positive values)				
23	Increased vacancy factor	1,000	Medium	1,000	Medium
24					
25					
26					
27					
28					
29					
30	**Total Risks /Opportunities**	(474)		1,000	
31	**Total Amended Forecast**	(474)		1,000	

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NHS WALES SHARED SERVICES PARTNERSHIP
MONITORING RETURN COMMENTARY FOR PERIOD 3 – JUNE 2019

This summary report provides a review of NHS Wales Shared Services Partnership's (NWSSP) performance for June 2019 and should be read in conjunction with the Monitoring Return tables submitted for Month 3.

Thank you for your letter of 27th June 2019 responding to the Month 2 monitoring return submission. The action points raised have been addressed within this return and further information provided where requested

Overview of Performance and Financial Position

NWSSP's financial position for Period 3 is reported at break-even. This is after providing for the pro-rata 2019/20 savings distribution of £0.750m per the submitted IMTP, of which £0.306m will be distributed and £0.444m has been recurrently reinvested.

1. **Actual Year to Date and Forecast Under/Overspend 2019/20 (Tables A, B & B2)**

    Table A has been amended in Month 3 to report income generation items reported in the IMTP within Line 10 as requested **(Action Point 2.5)**.

    The table has also been updated for the over-achievement of £0.577m of non-recurrent savings achieved to Month 3 with the inclusion of a reserve for potential distribution/reinvestment to offset this. An additional line has also been added for non-pay pressures of £0.052m which have been removed from Table C as suggested **(Action Point 1.3)**

    The actual position for month 3 has been reported with the forecast position for months 4-12. This identifies a projected full year outturn at break-even and has been undertaken based on year 1 of the IMTP assumptions. Monthly reviews of our forecast will be undertaken throughout the year to ensure a break-even year end outturn position is achieved and any additional savings or required changes are identified as early as possible.

The key points to note within the actual and forecast position are:

- The annual income forecast increased by £1.782m in Month 3 primarily due to additional income from the drug compensation scheme and the quarter 4 pharmacy rebates being higher than accrued in 2018/19 as the actual rebate information was only made available at the end of June 2019.

- Depreciation charges of £2.368m have been forecast for 2019/20 based on our current depreciation profile and the additional charges from assets that will be purchased from the 2019/20 approved discretionary capital of £0.600m. This reconciles to the approved section of the June non-cash submission. Income from WG of £0.817m has been anticipated in Table E in respect of the charges over and above the baseline depreciation funding of £1.551m.

- £22.751m income and expenditure is included to Month 3 in relation to the WRP DEL budget. This expenditure is reported separately on line 9 – Losses, Special Payments & Irrecoverable Debts.

  The WRP DEL budget for 2019/20 has again been set at £75.000m. The forecast for 2019/20, as identified in our IMTP is £110.200m. Additional funding of £31.500m is forecast to be required due to the impact of the PIDR and forecast income of £3.700m will be generated under the risk sharing agreement. This additional income has been anticipated in Table E. The 2019/20 WRP outturn has been profiled to £111.459m which includes £1.259m redress expenditure. These figures will be impacted by the PIDR change when announced and further detailed modelling will be required to identify an updated forecast outturn.

  The balance of the 2019/20 forecast expenditure has been profiled equally over months 4-12 and the associated WG income, PIDR income and risk sharing agreement income has also been profiled on this basis.

- £2.189m of income and expenditure has been included in respect of ESR Enhance based on the most recent recharge profile received from the Department of Health. This will change during the financial year when revised schedules are received based on the progress of the rollout of system functionality.

- An estimate of the GP trainee expenditure and the associated recharges to LHBs/Trusts/Deanery (£27.026m) has been made within the forecast, although as they are charged based on actual expenditure incurred, these may be subject to change, particularly following the rotations in August and February and the increased recruitment to GP training posts.

- An estimate of Stores expenditure and recharges to NHS Wales of £35.000m have been included within the forecast.

- The actual Microsoft Office 365 charges for 2019/20 were confirmed in early June following the conclusion of contract negotiations. This represents an additional cost pressure of £0.162m in 2019/20 and £0.224m recurrently.

2. Underlying Position (Table A1)

There is no brought forward deficit to report for NWSSP. The non-recurrent savings, funding and income generation linked through from Table A have been in the main offset with non-recurrent pressures (primarily WRP risk sharing agreement) that will not be carried forward. The table reports a £0.267m pressure carried forward where non-recurrent savings have been used to fund recurrent cost pressures in 2019/20 and further savings plans are being developed to ensure this underlying gap is closed to enable a breakeven underlying position to be reported in future.

3. Ring Fenced Funding (Table B)

Baseline depreciation funding of £1.551m has been invoiced. The current forecast charges for 2019/20 based on our depreciation profile for current assets and the 2019/20 discretionary expenditure of £0.600m total £2.368m, indicating additional funding of £0.817m will be required in line with the June non cash submission.

4. Net Expenditure Profile Analysis (Table B1)

This table has been populated with the actual and forecast information. As we are required to report a neutral position within the Velindre ledger each month, the non pay forecast will change from plan due to the break-even accrual made each month to report the position.

A review of monthly gross variable pay, which includes variable pay elements and bank expenditure, has been undertaken in month. The variable pay elements have reduced in month as forecast due to reduced overtime, however bank expenditure has increased due to an increased number of vacancies. The

forecast has therefore been increased to reflect the increased expenditure **(Action Point 2.1)**

The comments regarding amending our plan figures as a result of increased income have been noted and the plan amended accordingly in Month 3 **(Action Point 2.2)**

5. Agency/Locum (Premium) Expenditure (Table B2 – Sections B & C)

Agency expenditure of £0.051m, 0.8% of total pay expenditure (0.7% year to date), was reported in Month 3 due to the requirement to cover vacancies, sickness and additional workload. A monthly forecast agency expenditure of £0.050m has been assumed throughout 2019/20. The NWSSP SMT reviews agency expenditure monthly in an attempt to reduce this and further recruitment to the NWSSP bank has assisted significant agency spend reductions from previous financial years.

6. Savings Plans (Tables C, C1, C2 & C3)

These tables have been amended in Month 3 to remove the income generation schemes included in the IMTP as well as the balancing negative non pay savings as requested **(Action Point 1.3)**

The three new savings schemes reported at Month 2 were an amendment of those reported in Month 1 as non-recurrent savings had been incorrectly classified against the recurrent schemes in the same areas, hence the 'in year' drop down showing Month 1 had been correctly selected **(Action Point 2.7)**

7. Income Assumptions 2019/20 (Tables D & E)

Table D has been updated in Month 3 following a review of all our NHS income & expenditure. We will continue to review and update this as required throughout the financial year.

Table E has been populated with the budgeted income streams by NHS Organisation with a number of additional income streams included that have been anticipated within our forecast financial position. These totals will not reconcile to the NHS Income reported in Table B or the NHS Income & Expenditure reported in Table D. This is due to the ledger reporting of intra-

trading within Velindre, classification of non-material NHS recharges against pay/non pay per the manual for accounts and solicitor income not recorded against NHS income subjectives.

8. Healthcare Agreements & Major Contracts

Not applicable to NWSSP.

9. Risk Management (Table F)

The risks identified within our IMTP have been included within Table F and the values and risk levels have been reviewed in month and the value of a number of risks reduced following the performance to the end of quarter 1. **(Action Point 2.3)**

With reference to the the WG anticipated funding, when we referred to initiatives 1 and 2 totalling £0.146m already being implemented and supported, this was implied from an NWSSP perspective. We are supporting the work upon the request of WG however the associated funded hasn't as yet been forthcoming. The risk in Table F has been reduced to £0.146m to only reflect the funding items where associated expenditure cannot be avoided **(Action Point 1.5)**

10. Statement of Financial Position and Aged Welsh NHS Debtors (Tables G & N)

NWSSP has not been requested to complete Table G.

At the close of Month 3, there were 4 invoices exceeding 17 weeks however all of these have been paid in early July. Powys invoice 1077273 was paid in July so does not form part of the debtors listing at Month 3 **(Action Point 2.4)**

11. Cash Flow Forecast (Table H)

This table is not required for NWSSP.

12. Public Sector Payment Compliance (Table I)

This table is not required for NWSSP, although it is pleasing to report that the NWSSP PSPP achievement for Month 3 was 97.3% for Non NHS invoices and 100% for NHS invoices.

13. Capital Schemes & Other Developments (Tables J, K & L)

These tables have been updated in Month 3 to reflect in month spend and reflect the current forecast capital spend with a high level profile which will be refined as we further confirm the capital allocations to our services.

A breakdown of the immediate capital expenditure requirements for IP5 has now been submitted to Welsh Government and we await confirmation of the funding for these.

The business case for the Legal & Risk Case Management system has also been submitted to Welsh Government colleagues and we await confirmation of the funding for this scheme.

14. EFL (Table M)

This table is not required for completion by NWSSP.

15. Other Issues

The financial information provided in this return is an accurate assessment of the NWSSP financial position at this point in time and aligns to the details provided in the NWSSP Partnership Committee and Senior Management Team reports.

It is pleasing to be able to set a balanced budget for 2019/20 and to report a positive month 3 position with confidence in the achievement of the IMTP showing a forecast year-end break-even position and the distribution of £0.750m savings to NHS Wales.

The Shared Services Partnership Committee will receive the Month 2 and 3 Financial Monitoring Return at the next meeting on 18th July 2019.

16.   Authorisation of Return

ANDREW BUTLER
DIRECTOR OF FINANCE AND
CORPORATE SERVICES

11th July 2019

NEIL FROW
MANAGING DIRECTOR
NWSSP

NHS Wales Shared Services Partnership

Table A - Movement of Opening Financial Plan to Forecast Outturn

This Table is currently showing 0 errors

Line 11 should reflect the corresponding amounts included within the latest IMTP submission to WG
Lines 1 - 11 should not be adjusted after Month 1

		In Year Effect £'000	Non Recurring £'000	Recurring £'000	FYE of Recurring £'000
1	Underlying Position b/fwd from Previous Year - as per 3 year plan (Surplus - Positive Value / Deficit - Negative Value)	0	0	0	0
2	New Cost Pressures - as per 3 year plan (Negative Value)	-6,991	-4,544	-2,447	-2,447
3	**Opening Cost Pressures**	**-6,991**	**-4,544**	**-2,447**	**-2,447**
4	Identified Savings Plan (Positive Value)	1,031	302	729	729
5	Savings / Mitigating Actions Yet To Be Identified (Positive Value)				
6	Welsh Government Funding (Positive Value)	821	547	274	274
7	Net Income Generated (Positive Value)	0	0	0	0
8	Planned Accountancy Gains (Positive Value)	0	0	0	0
9	Release of Uncommitted Contingencies & Reserves (Positive Value)				
10	Income Generation per IMTP	5,139	3,962	1,177	1,177
11	**Opening Financial Plan**	**0**	**267**	**-267**	**-267**
12	Cost Pressures b/fwd from Previous Year - unidentified within 3 year plan (Negative Value)				
13	Opening Plan Savings - Forecast (Underachievement) / Overachievement	475	475	0	0
14	Additional In Year Identified Savings - Forecast (Positive Value)	0	0	0	0
15	Additional In Year Identified Accountancy Gains (Positive Value)	0	0	0	0
16	Additional Net Income Generated (Positive Value)	154	154	0	0
17	Non Identification of Savings / Mitigating Actions Yet To Be Identified in Opening Plan	0	0	0	0
18	Release of Previously Committed Contingencies & Reserves (Positive Value)	0			
19	Additional In Year Welsh Government Funding (Positive Value)	0			
20	Reinvestment/Distribution Reserve	-577	-577		
21	Non pay pressures	-52	-52		
22		0			
23		0			
24		0			
25		0			
26		0			
27		0			
28		0			
29		0			
30		0			
31		0			
32		0			
33		0			
34		0			
35		0			
36		0			
37		0			
38	**Forecast Outturn (- Deficit / + Surplus)**	**0**	**267**	**-267**	**-267**

	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	In Year Effect £'000
18													0
19													0
20	-174	-155	-248										-577
21	-10	-32	-10										-52
22													0
23													0
24													0
25													0
26													0
27													0
28													0
29													0
30													0
31													0
32													0
33													0
34													0
35													0
36													0
37													0

NHS Wales Shared Services Partnership

Table C - Identified Expenditure Savings Schemes (Excludes Income Generation and Accountancy Gains)

This Table is currently showing 0 errors

		1 Apr £'000	2 May £'000	3 Jun £'000	4 Jul £'000	5 Aug £'000	6 Sep £'000	7 Oct £'000	8 Nov £'000	9 Dec £'000	10 Jan £'000	11 Feb £'000	12 Mar £'000	Total YTD	Full-year forecast	YTD as %age of FY	YTD variance as %age of YTD Budget/Plan	Assessment Green £'000	Assessment Amber £'000	Full In-Year forecast non recurring £'000	Full In-Year forecast recurring £'000	Full-Year Effect of Recurring Savings £'000
1 CHC and Funded Nursing Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			0
2	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0	0	0	
3	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0			0
4 Commissioned Services	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
5	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0	0	0	
6	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0			0
7 Medicines Management	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
8 (Primary & Secondary	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0	0	0	
9 Care)	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0			0
10 Non Pay	Budget/Plan	6	6	6	6	6	6	6	6	6	6	6	6	18	71			71	0			
11	Actual/F'cast	6	6	6	6	6	6	6	6	6	6	6	6	18	71	25.00%		71	0	0	71	71
12	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%		0	0			
13 Pay	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	240	960			740	220			
14	Actual/F'cast	225	230	260	80	80	80	80	80	80	80	80	80	715	1,435	49.83%		1,215	220	777	658	658
15	Variance	145	150	180	0	0	0	0	0	0	0	0	0	475	475	197.92%		475	0			
16 Primary Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0			
17	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0	0	0	
18	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!		0	0			0
19 Total	Budget/Plan	86	86	86	86	86	86	86	86	86	86	86	86	258	1,031			811	220			
20	Actual/F'cast	231	236	266	86	86	86	86	86	86	86	86	86	733	1,506	48.66%		1,286	220	777	729	729
21	Variance	145	150	180	0	0	0	0	0	0	0	0	0	475	475	164.29%		475	0			

Table C1- Savings Schemes Pay Analysis

	Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total YTD	Full-year forecast	YTD as %age of YTD variance as %age of YTD Budget/Plan	Assessment Green	Amber	Full In-Year forecast non recurring	recurring	Full-Year Effect of Recurring Savings
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	£'000
1 Changes in Staffing / Establishment	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	240	960		740	220	524	658	658
2	Actual/F'cast	167	121	174	80	80	80	80	80	80	80	80	80	462	1,182	39.09%	962	220			
3	Variance	87	41	94	0	0	0	0	0	0	0	0	0	222	222	92.50%	222	0			
4 Variable Pay	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
5	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
6	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
7 Locum	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
8	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
9	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
10 Agency / Locum paid at a premium	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
11	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
12	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
13 Changes in Bank Staff	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
14	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
15	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
16 Other (Please Specify)	Budget/Plan													0	0		0	0	253	0	0
17	Actual/F'cast	58	109	86	80	80	80	80	80	80	80	80	80	253	253	100.00%	253	0			
18	Variance	58	109	86	80	80	80	80	80	80	80	80	80	253	253	#DIV/0!	253	0			
19 Total	Budget/Plan	80	80	80	80	80	80	80	80	80	80	80	80	240	960		740	220	777	658	658
20	Actual/F'cast	225	230	260	180	80	80	80	80	80	80	80	80	715	1,435	49.83%	1,215	220			
21	Variance	145	150	180	0	0	0	0	0	0	0	0	0	475	475	197.92%	475	220			

Table C2- Savings Schemes Agency/Locum Paid at a Premium Analysis

	Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total YTD	Full-year forecast	YTD as %age of YTD variance as %age of YTD Budget/Plan	Assessment Green	Amber	Full In-Year forecast non recurring	recurring	Full-Year Effect of Recurring Savings
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	£'000
1 Reduced usage of Agency/Locums paid at a premium	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
2	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
3	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
4 Non Medical 'off contract' to 'on contract'	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
5	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
6	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
7 Medical - Impact of Agency pay rate caps	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
8	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
9	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
10 Other (Please Specify)	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
11	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
12	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
13 Total	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
14	Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			
15	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0			

NHS Wales Shared Services Partnership

Jun 19

This Table is currently showing 0 errors

Table C3 - Savings Tracker

Summary of Forecast Savings (£000's)	Cash-Releasing Saving (Pay)	Cash-Releasing Saving (Non Pay)	Cost Avoidance	Savings Total	Income Generation	Accountancy Gains
Planned Care	0	0	0	0	0	0
Unscheduled Care	0	0	0	0	0	0
Primary and Community Care (Excl Prescribing)	0	0	0	0	0	0
Mental Health	0	0	0	0	0	0
Clinical Support	0	0	0	0	0	0
Non Clinical Support (Facilities/Estates/Corporate)	1,435	71	0	1,506	154	0
Commissioning	0	0	0	0	0	0
Across Service Areas	0	0	0	0	0	0
CHC	0	0	0	0	0	0
Prescribing	0	0	0	0	0	0
Medicines Management (Secondary Care)	0	0	0	0	0	0
Total	1,435	71	0	1,506	154	0

NHS Wales Shared Services Partnership

Period :   Jun 19

This Table is currently showing 0 errors

Table F - Overview Of Key Risks / Opportunities Affecting Forecast Outturn

		FORECAST YEAR END			
		Worst Case £'000	Likelihood	Best Case £'000	Likelihood
	Current Reported Forecast Outturn	0		0	
	Risks (negative values)				
1	Non delivery of Saving Plans/CIPs				
2	WHSSC Performance				
3	Other Contract Performance				
4	WG Income assumed is not forthcoming	(146)	Medium		
5	Income generation schemes do not achieve income targets	(200)	Medium		
6	Service demands/activity levels increase above anticipated levels	(150)	Medium		
7	Inability to recruit to substantive posts and continuing to incur higher agency costs	(150)	Medium		
8	Lack of capital funds incur increased vehicle hire/maintenance costs	(150)	Low		
9	No funding for pension discount rate increase is received	0	Low		
10	Vacancy factor decreases below that assumed in budget setting	(200)	Low		
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
	Opportunities (positive values)				
23	Increased vacancy factor	996	Medium	1,000	Medium
24					
25					
26					
27					
28					
29					
30	**Total Risks /Opportunities**	0		1,000	
31	**Total Amended Forecast**	0		1,000	

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Management Letter – **NHS Wales Shared Services Partnership**

Audit year: 2018-19

Date issued: June 2019

Document reference: **1328A2019-20**

Contents

Our work did not identify any significant issues that would prevent us relying on services provided by NHS Wales Shared Services Partnership (NWSSP) although improvements could be made in some areas.

Summary report

Introduction

1   In January 2019, we presented a paper to the Velindre University NHS Trust's (the Trust) Audit Committee for Shared Services – **2019 Audit Assurance Arrangements – NHS Wales Shared Services Partnership**. The paper set out the external audit assurance arrangements, in line with the requirements of International Standards on Auditing (UK and Ireland) (ISAs) relevant to those services provided by the NHS Wales Shared Services Partnership (NWSSP).

2   The local audit teams of each individual health body are responsible for providing an opinion on health body financial statements, and determine what work is required on NWSSP services. Auditors decide whether testing of the key controls within the system, or substantive testing of the figures produced by the system, provides the required assurance in the most efficient way.

3   In this report we set out all the matters relevant to the services NWSSP provides, that we and the local audit teams of individual health bodies identified. This report sets out the findings and recommendations in respect of:

- Audit and Assurance Services (NWSSP – AAS);
- Primary Care Services (NWSSP – PCS)*;*
- Employment Services (NWSSP – ES);
- Procurement Services (NWSSP – PS); and
- Legal and Risk Services (NWSSP – LARS) which includes Welsh Risk Pool Services (WRPS).

4   We will report the detailed findings from our review of the nationally hosted NHS IT Systems separately.

Issues arising from the audit

5   Our work did not identify any significant issues that would prevent us relying on services provided by NHS Wales Shared Services Partnership (NWSSP) although improvements could be made in some areas.

Audit and Assurance Services

6   Local health body audit teams need to consider ISA 610 – Using the work of internal auditors – to assess the adequacy of Internal Audit work for the purposes of the audit. To aid this evaluation, we considered the arrangements in place against the requirements of the Public Sector Internal Audit Standards (PSIAS).

7   We did not identify any issues regarding NWSSP – AAS's compliance with the PSIAS standards that would prevent us taking assurance from their work.

Primary Care Services

8   Local health board audit teams planned to place reliance on specific key controls within the general medical services (GMS), general pharmaceutical services (GPS) and community pharmacy prescription services (CPPS) systems. We therefore documented, evaluated and tested controls in respect of:

- global sum payments to general medical practitioners (capitation lists and patient rates); and

- payments to pharmacists (checks undertaken by the Professional Services Team and drug tariff rates).

9   Our testing covered the primary care teams in Swansea and Mamhilad and the CPPS team in Companies House and found that the controls tested were operating effectively and could therefore be relied upon.

General pharmaceutical services – controls over prescriptions

10   The Professional Services Team (PST) carry out sample checks to test the accuracy of prescriptions input (both automatic and or manual) and undertake 100% checks over processed scripts for 'verification' and 'high-cost' items. Our testing found that the PST were undertaking these checks but due to the way in which pharmacies are grouped into codes (with Hywel Dda and Powys grouped together) and the lower number of pharmacies within the Powys Health Board region, the PST had only included one Powys pharmacy within their quality assurance checks in the period April to December 2018.

11   One recommendation for improvement has been made which is documented in Appendix 1 (Recommendation 1).

Employment Services

12   Local health body audit teams planned to place reliance on the key controls in respect of exception reporting within the payroll system. We therefore documented, evaluated, and tested these controls within the payroll systems operating at Companies House covering both payroll teams.

13   All-Wales exception reporting parameters were agreed and implemented in July 2018 and our testing found that, except for the Public Health Wales weekly payroll, exception reports were produced but internal control procedures were not being followed in all cases:

- testing of monthly exception reports for the Cardiff and Vale payroll team found that three of the 15 tested did not have evidence of senior officer review (Cardiff & Vale payroll month 8, HEIW payroll months 8 & 9). In addition, the same officer had undertaken the initial and final review of three of the exception reports tested (Velindre payroll month 3, PHW payroll month 6, HEIW payroll month 10) and not all entries on a further three

exception reports had evidence of review (Cwm Taff payroll months 3 & 9, HEIW payroll month 10).

- testing of weekly exception reports for the Cardiff and Vale payroll team found that 15 of the 60 tested did not have evidence of senior officer review (Cwm Taff payroll weeks 1, 17 and 22, Velindre payroll weeks 2, 9, 10, 13, 14, 17, 18, 26, 32, 33, 37 and 38). In addition, the same officer had undertaken the initial and final reviews of 8 of the exception reports tested (Cardiff & Vale payroll weeks 19 and 33, Cwm Taff payroll weeks 4, 6, 8, 11, 12 and 13) and explanations for variances were not recorded on a further seven exception reports, although there was evidence of review (Cardiff & Vale payroll weeks 19, 20, 32, 33, 34 & 35 and Cwm Taff payroll week 17). A further two exception reports could not be tested as they had not been run (Velindre payroll weeks 3 and 20).

- testing of monthly exception reports for the Aneurin Bevan payroll team found that three of the six tested did not have evidence of senior officer review (Powys payroll months 2, 3 and 8). In addition, two of these exception reports were not always annotated as to how an exception query had been resolved (months 2 and 3).

- testing of weekly exception reports for the Aneurin Bevan payroll team found that the same officer had undertaken the initial and final reviews of three of the 20 exception reports tested (Aneurin Bevan payroll weeks 3, 12 and 15).

14   One recommendation for improvement has been made which is documented in Appendix 1 (Recommendation 2).

Procurement Services

15   Local health body audit teams did not plan to place reliance on the key controls within the accounts payable system, instead undertaking substantive testing of the figures produced by the system. Our work was therefore limited to documenting the information flows within the accounts payable system operated within NWSSP – Procurement Services (PS) located within Companies House, Cardiff.

Legal and Risk Services

16   Local audit teams of each health body need to consider ISA 500 – Audit evidence – to assess the adequacy of Legal and Risk Services as a management expert for the purposes of the audit. To aid this evaluation, we considered the arrangements in place against the requirements of ISA 500. Based on the work we undertook, we did not identify any issues that would prevent us relying on NWSSP – LARS's work as a management expert.

17   Controls are in place to mitigate against any threats to objectivity, although three staff who either qualified or started in year had not completed a declaration of interests form. This therefore weakens the controls in place to mitigate any threats

to objectivity. The Director of L&RS has informed us that new starters will be asked to complete the declaration of interest form as part of their induction process going forward.

18   One recommendation for improvement has been made which is documented in Appendix 1 (Recommendation 3).

Recommendations arising from our 2018-19 financial audit work

19   The recommendations arising from our work are set out in Appendix 1. Management has responded to them and we will follow up progress on them during next year's audit.

Appendix 1

Recommendations arising from our 2018-19 audit work

We set out all the recommendations arising from our audit with management's response to them.

Exhibit 1: recommendations

Para	Issue	Recommendation	Priority	NWSSP responsibility and actions	Completion date
NWSSP – Primary Care Services					
10	The PST had only included one Powys pharmacy within their quality assurance checks.	R1 NWSSP – PCS should allocate a separate code to each health board to enable the PST to select pharmacies for sample checking from all health board areas.	Low	Accepted, PCS at present allocate by the old Dyfed/Powys cohort of community pharmacies. From May prescription processing this will be allocated on the present 7 LHB model with a defined percentage allocated equally at all LHB levels.	31 July 2019
NWSSP – Employment Services					
13	Internal control procedures for review of exception reports were not being complied with.	R2 NWSSP – ES should ensure that internal control procedures for reviewing exception reports are complied with.	Medium	Presentations held with staff to re-iterate the exception and checking process. A revision of the checking process is planned to enable an electronic controlled process that will ensure segregation of officers in respect of checking and sign-off and completion of the checking report.	31 August 2019

Para	Issue	Recommendation	Priority	NWSSP responsibility and actions	Completion date
NWSSP – Legal and Risk Services					
17	New starters had not completed a declaration of interest form.	R3 New starters should be asked to complete the declaration of interest form as part of their induction process.	Low	This will be included as part of the formal induction process and will be referenced in the office Manual.	30 September 2019

Wales Audit Office
Swyddfa Archwilio Cymru

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Nationally Hosted NHS IT Systems – Velindre University NHS Trust – NHS Wales Shared Services Partnership

The team who delivered the work comprised Andrew Strong, Paul Cunningham and Gareth Lewis.

Contents

The IT controls we examined assured us that financial values produced by the systems for 2018-19 were likely to be free from material misstatement, although some controls could be strengthened.

Summary report

Summary

1 NHS bodies in Wales are responsible for preparing financial statements that give a true and fair view of the state of their financial affairs as at 31 March 2019. They must ensure that they are properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers. NHS bodies are also responsible for preparing Annual Governance Statements in accordance with guidance issued by HM Treasury and the Welsh Government.

2 The Auditor General is responsible for providing an opinion on whether each NHS body's financial statements represent a true and fair view of the state of its financial affairs as at 31 March 2019.

3 NHS Wales has a variety of arrangements in place to provide and support IT systems used for financial reporting purposes. Since June 2012, Velindre University NHS Trust (the Trust) has hosted the NHS Wales Shared Services Partnership (NWSSP) and is responsible for its governance and accountability.

4 This report covers the national NHS IT applications and infrastructure which NWSSP manages for use by other NHS organisations in Wales. These systems include the:

- Prescription Pricing System (formerly known as the Community Pharmacy System) which is used to process prescriptions and calculate reimbursement for pharmacy contractor payments. This system is used by the Prescription Services Team of Primary Care Services (PCS).

- National Health Application and Infrastructure Services (NHAIS) or Exeter, used for NHS demographics and calculating primary care General Medical Services (GMS) contractor payments. NHS Digital in NHS England manages and supports the NHAIS system software for use in NHS Wales.

- Oracle Financial Management System (FMS) is supplied by a third party called Version One and managed for NHS Wales by the Central Team e-Business Services (CTeS) within the NWSSP. The Oracle FMS is used by NHS Wales as the main accounting system for managing and producing the NHS accounts.

- Electronic Staff Record (ESR) systems administration is the responsibility of each individual Local Health Board and Trust through delegated responsibility passed to NWSSP via a Service Level Agreement (SLA). Payroll access by NWSSP Employment Services to process the payroll in Wales is managed in accordance with the Trust's ESR system access process. The ESR Payroll system is managed and hosted nationally by IBM on behalf of NHS England and NHS Wales under a managed service contract.

5   International Auditing Standard (ISA) 315 requires us to obtain an understanding of the general IT and application controls of the financial systems used by NHS Wales. As part of the National Hosted NHS IT Systems audit plan, the Wales Audit Office reviewed the above-mentioned systems during 2018-19 and followed up our prior audit recommendations in these areas. This work reviews the ICT environment and application controls that are applied to the National Hosted NHS IT Systems solely for the purposes of providing assurance for NHS audit opinions. We have taken the opportunity to identify actions that, in our view, would help NHS Wales improve its governance and use of these systems.

6   This work is undertaken to identify potential risks which may include:

- out-of-date and unsupported infrastructure;
- access security arrangements that leave the system vulnerable to unauthorised access and attack;
- loss or unauthorised access of data; and
- change control procedures which are inadequate meaning that the system could be compromised or unavailable following the application of a new patch, upgrade or release of the database or the application software or infrastructure change.

7   We have therefore undertaken a review that sought to answer the question:

'Can auditors be assured that the IT system controls are such that financial values are likely to be free from material misstatement?'

8   We concluded that the IT controls applied to the Prescription Pricing, National Health Application Infrastructure, Oracle Financials systems and ESR Payroll systems administration managed by NHS Wales Shared Services, were sufficiently effective to allow financial auditors to take assurance that financial values produced by the systems for 2018-19 were likely to be free from material misstatement. However, NWSSP could strengthen some controls.

9   In summary, the reasons for this conclusion are set out below:

- the Prescription Pricing System's controls support the production of information that is free from material misstatement, although, the server operating system environment should be updated by January 2020;
- the National Health Application and Infrastructure Service system's controls support the production of information that is free from material misstatement, however, system replacement plans and agreeing NHS Wales system availability after decommissioning are yet to be agreed;
- the Oracle FMS's IT controls support the production of information that is free from material misstatement, although, information security controls need review; and
- the ESR Payroll's Shared Services system administration controls support the production of information that is free from material misstatement.

10   This report summarises the more detailed matters arising from our audit, our
        recommendations made from this year's audit and our follow-up of last year's
        recommendations.

Detailed report

The Prescription Pricing System's controls support the production of information that is free from material misstatement, although, the server operating system environment should be updated by January 2020

11   We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Prescription Pricing System. However, we identified some issues that should be addressed by Primary Care Services in order to minimise the potential for future application and infrastructure system risks. From our IT work in 2018-19, we have identified a number of recommendations to NWSSP for improvement. These are outlined below:

- update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action. NWSSP operates the Prescription Pricing system on a SQL Server 2008 environment which is de-supported by the manufacturer in January 2020. Therefore, from January 2020 the manufacturer will not be providing software updates to this environment and any potential security vulnerabilities could be exploited.

- test the Prescription Pricing systems IT Disaster Recovery plans at least annually.

- strengthen the Service Level Arrangement (SLA) with NWIS to include details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to monitor the data backup has been successfully completed.

12   In 2017-18, we identified one recommendation to replace and re-procure the SQL server 2008 support and maintenance contract over the Prescription Pricing system server set up. NWSSP has completed the re-procurement in 2018 to replace the arrangement that expired in February 2018.

13   In 2016-17, we identified recommendations for improvement for the Prescription Pricing system. The NWSSP has made good progress to address these by:

- updating and documenting in June 2018 IT Disaster Recovery and Business Continuity plans for the Prescription Pricing systems; and

- performing internal penetration testing in July 2018 on the Prescription Pricing System hardware and software.

14   Further details of our findings and progress against actions for the Prescription Pricing System agreed with Primary Care Services officers can be found in Appendix 1.

The National Health Application and Infrastructure Service system's controls support the production of information that is free from material misstatement, however, system replacement plans and system availability after decommissioning are yet to be agreed

15   We have identified no significant issues within the NHAIS system likely to result in a material misstatement. However, we have identified some issues that should be addressed by NWSSP in order to minimise the potential for future application and infrastructure system risks. From our work in 2018-19 we have identified one recommendation to NWSSP for improvement. These are outlined below:

- update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action. NWSSP operates the NHAIS IT system backup servers on a Window Server 2008 environment which is de-supported by the manufacturer in January 2020. Therefore, from January 2020 the manufacturer will not be providing software updates to this environment and any potential security vulnerabilities could be exploited.

16   In 2017-18, we identified a number of recommendation for improvement for the NHAIS. The NWSSP has made some progress to address these actions in 2018 -19 by:

- updating and testing the NHAIS backup procedures and IT Disaster Recovery plans to ensure they work as intended;
- discussing with NWIS the Service Level Agreement (SLA) for the support and maintenance of the NHAIS application and infrastructure, to make responsibilities and functions more detailed, although these remain ongoing pending the NHAIS system replacement plans;
- documenting a standard operating procedure for how the systems administrator creates, amends and removes user access accounts to the NHAIS system;
- completing a regular review, for example, annually, of the user access accounts to NHAIS to ensure these are appropriate to job function; and
- working to plan the replacement of the ageing NHAIS servers used in the NHAIS system replacement project some of which are approaching ten years old and the in-house support and maintenance cover arrangements.

17   In 2016-17, we identified a number of recommendation for improvement for the NHAIS. The NWSSP has made some progress to address these actions by:

- discussing with NHS Digital to arrange and agree the NHAIS replacement plans. NWSSP has planned to make a formal decision later in 2019 on the preferred solution for replacing NHAIS GMS processing, subject to Velindre NHS Trust approval. NWSSP plans to implement the preferred payments processing solution in early 2020. Work is underway with NHS England and NHS Digital on a contingency plan from April 2020 onwards. This is required to ensure system continuity so NHS Wales will have continued use of NHAIS whilst the replacement systems are implemented.

- strengthening NHAIS password reset controls to verify and authenticate the user credentials.

18   Further details of our findings and progress against actions for the NHAIS system agreed with Primary Care Services officers can be found in Appendix 1.

The Oracle FMS's IT controls support the production of information that is free from material misstatement, although information security controls need review

19   We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Oracle FMS. However, we identified some issues that should be addressed by Shared Services in order to minimise the potential for future application and infrastructure system risks. From our work in 2018-19, we have identified a number of recommendations to NWSSP for improvement. These are outlined below:

- ensure those NHS organisations who did not attend the November 2018 Oracle FMS IT Disaster Recovery (DR) test participate in the November 2019 scheduled test. The November 2018 IT DR test was the first test to be undertaken on the new Oracle hardware platform. In addition, the newly formed Health Education and Improvement Wales should also attend the testing.

- strengthen the IT controls over the Services and Accommodation Centre (SAC) data centre where the primary Oracle FMS hardware is hosted. NWSSP can address this by replacing the room Uninterruptible Power Supply which is end-of -life and ensuring the Oracle FMS servers are operating at an appropriate temperature.

- improve the IT controls over the Cardiff Royal Infirmary data centre where the Oracle FMS secondary and backup servers are hosted. NWSSP can address this by installing additional air conditioning units in the room and redirecting the room CCTV camera onto the direction of the data centre door.

20 In 2017-18, we identified a number of recommendations for improvement for the Oracle FMS. The NWSSP has made some good progress to address these actions by:

- reviewing the Oracle backup hardware and server racking arrangements in the Cardiff Royal Infirmary (CRI) data centre so they better fit the racks available.

- scheduling and completing an IT Disaster Recovery test on the Oracle FMS service for November 2018.

- completing an internal vulnerability assessment in late 2018 of the new Oracle FMS infrastructure implemented mid March 2018 to identify any potential security threats.

- initiating a gap analysis assessment to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. CTES should then formally consider and decide whether the Oracle service aims for a formal ISO 27001 accreditation.

- initiating a review to consider and complete accreditation to the Information Technology Service Management (ISO 20000) standard for service management.

21 Further details of our findings and progress against actions for the Oracle FMS agreed with Shared Services can be found in Appendix 1.

The ESR Payroll's Shared Services system administration controls support the production of information that is free from material misstatement

22 The Electronic Staff Record (ESR) Payroll system is managed and hosted nationally by IBM on behalf of NHS England and NHS Wales under a managed service contract. We have reviewed the ESR Payroll systems administration controls (payroll elements only) managed by NWSSP. This responsibility includes managing user access to the payroll system in Wales by the NWSSP Employment Services staff who process the Welsh NHS organisations' payrolls. In addition to

seeking to place reliance on the International Standard on Assurance Engagements (ISAE) 3000 report of the IBM Service Auditor noted below, Wales Audit Office IM&T auditors have reviewed the controls in place over the ESR Payroll systems administration managed under a delegated authority by NWSSP, Employment Services.

23   We have not identified any significant IT issues likely to result in a material misstatement within these ESR Payroll systems' administration controls. From our work in 2018-19, we have identified no recommendations to NWSSP for improvement.

24   In 2017-18, we identified a number of recommendations for improvement. NWSSP has made progress against these actions by:

- completing a more frequent review of ESR payroll user access rights to ensure these are appropriate to job functions. NWSSP has set these reviews to every six months commencing with the review in July 2018.

- documenting and formally agreeing an access permissions and functionality matrix used to help establish ESR payroll access profiles to enforce segregation of duties. NWSSP uses this matrix to help structure the review of core ESR payroll user access in the scheduled user access review.

25   We sought to place reliance on the ISAE 3000 report of the IBM Service Auditor, PwC, on the general IT controls applied at IBM. PwC conducted the review in accordance with the ISAE 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. For the period 1 April 2018 to 31 March 2019, PwC concluded that the ESR payroll general IT controls and environment were suitably designed and operated effectively. PwC has not identified in their 2018-19 work any improvement areas or recommendations to the IT controls used by the NHS ESR Central Team and IBM.

26   Further details of our findings and progress against actions for the ESR Payroll systems administration control agreed with Shared Services can be found in Appendix 1.

Recommendations

27   Exhibit 1 sets out the recommendations that we have identified in 2018-19. NWSSP should take action to address these recommendations. The appendix to this report sets out progress made against all the previously reported recommendations that remain in progress and ones that have been completed in 2018-19.

Recommendations
Prescription Pricing System IT controls
R 2019.1 Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.   R 2019.2 Test the Prescription Pricing systems IT Disaster Recovery plans at least annually.   R 2019.3 Strengthen the Service Level Arrangement (SLA) with NWIS to include details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to monitor the data backup has been successfully completed.
National Health Application and Infrastructure Services IT controls
R 2019.4 Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.
Oracle FMS IT controls
R 2019.5 Ensure those NHS organisations who did not attend the November 2018 Oracle FMS IT Disaster Recovery (DR) test participate in the November 2019 scheduled test.   R 2019.6 Strengthen the IT controls over the Services and Accommodation Centre (SAC) data centre by replacing the room UPS which is end-of -life and ensuring the Oracle FMS servers are operating at an appropriate temperature.   R 2019.7 Improve the IT controls over the CRI data centre by installing additional air conditioning units in the room and redirecting the room CCTV camera onto the direction of the data centre door.

Appendix 1

Issues and recommendations arising from the review of National Hosted NHS IT Systems in prior audit years and in 2018-19 – NHS Wales Shared Services Partnership

Exhibit 2: issues and recommendations

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
Prescription Pricing System – IT controls work						
2016-17.1	IT DR plans that include the Prescribing Services Systems are out of date and should be updated.	Update the IT DR plan that covers the Prescribing Services Systems, and test the plans to ensure they work as intended.	Medium	Yes	Dave Hopkins, PCS Director	**Completed** NWSSP has completed a Business Impact Assessment and a DR Plan. NWSSP presented the DR plan to the SMT in July 2018.

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
Prescription Pricing System – IT controls work						
2016-17.3	Whilst external penetration testing is performed on the NHS network infrastructure, internal penetration testing on the Community Pharmacy hardware and software used, has not been recently performed. Increased risk of vulnerabilities within the Community Pharmacy hardware and software may remain undetected, and this could increase the risk of unauthorised access to patient identifiable prescription information.	Perform internal penetration testing on the Community Pharmacy hardware and software on a regular basis, for example, at least annually.	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Completed** NWSSP completed a penetration test on the PPS in July 2018.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
Prescription Pricing System – IT controls work						
2017-18.1	At the time of our fieldwork in March 2018 Primary Care Services has commenced plans to approve the re-procurement for the SQL 2008 server support and maintenance. The SQL server 2008 support and maintenance contract over the Prescription Pricing system server set up expired at the end of February 2018.	Replace and re-procure the SQL server 2008 support and maintenance contract over the Prescription Pricing system server set up that expired in February 2018.	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Completed** NWSSP has approved capital allocation in 2018-19. NWSSP has procured an extended support for existing servers in Q2 2018.
2018-19.1	The Prescription Pricing system operates on a SQL Server 2008 environment which is de-supported by the manufacturer in January 2020. This means from January 2020 the manufacturer will not be provided software updates to this environment and any potential	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Ongoing** The new server environment has been built and was handed over to PCS on 12 June. PCS is in the process of migrating systems onto the new environment and would expect to have this

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
	security vulnerabilities could be exploited;	to complete this action.				aspect complete by 30th June. A period of testing will be followed by the identification of a two-day out-of-hours change window. This is currently planned for completion by 27 August, 2019.
2018-19.2	An IT Disaster Recovery (DR) plan has been documented for the Prescription Pricing system. However, the IT DR plan is only scheduled to be tested every two years.	Test the Prescription Pricing systems IT Disaster Recovery plans at least annually.	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Complete** Schedule has since been amended to annual. Next scheduled test is March 2020.
2019-19.3	A Service Level Arrangement (SLA) with NWIS is in place which covers responsibilities and accountabilities over the Prescription Pricing system. Documentation can be strengthened of the details over the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to confirm and monitor the backup has successfully been completed.	Strengthen the Service Level Arrangement (SLA) with NWIS to include details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Ongoing** PCS are already on the distribution list for the daily notification of backup status delivered automatically by the backup software and check the notifications as part of the daily task schedule.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
		checks are undertaken to confirm and monitor the backup has successfully been completed.				Formal inclusion of this arrangement in the NWSSP-NWIS SLA will require a change notice to be raised by NWSSP Business Systems and Informatics.
National Health Application and Infrastructure Services – IT controls work						
2017-18.3	NHS England are planning to decommission NHAIS from April 2018. NWSSP should arrange and agree with NHS England and NHS Digital a contingency plan from April 2018 onwards to ensure, for an agreed period of time, NHS Wales access to the NHAIS system to ensure system availability. This is required so NHS Wales can carry on using NHAIS whilst replacement systems are implemented or developed in NHS Wales.	Arrange and agree with NHS England and NHS Digital a contingency plan from April 2018 onwards to ensure for an agreed period of time continued access to the NHAIS system to ensure system availability. This is required so Wales can carry on using NHAIS whilst replacement systems are implemented and developed in NHS Wales.	Medium	Yes	Dave Hopkins, PCS Director	**Ongoing** Timescales for the decommissioning of NHAIS in England & Wales have been extended to 2020-21. Support agreements are in place with NHS Digital for 2019-20. It should also be noted that discussions are on-going with regard to further extensions of these agreements in line with the revised decommissioning plan for Wales.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
National Health Application and Infrastructure Services – IT controls work						
2017-18.2	The NHAIS backup procedures and IT Disaster Recovery (DR) plans would benefit from being updated for changes to the IT infrastructure set up and support arrangements. Once updated these plans should be tested to ensure they work as intended.	Update and test the NHAIS backup procedures and IT Disaster Recovery plans to ensure they work as intended.	Medium	Yes	Dave Hopkins, PCS Director	**Completed** NWSSP has updated a DR plan. NWSSP has completed restores to the test environment in early 2018.
2018-19.3	A Service Level Agreement (SLA) is in place between NWSSP and NWIS for the support and maintenance of the applications and infrastructure, for example, NHAIS. These responsibilities and functions to be completed and delivered for NHAIS service support and service delivery can be made more detailed and documented.	Clarify and expand the Service Level Agreement with NWIS for the support and maintenance of the NHAIS application and infrastructure.	Medium	Yes	Dave Hopkins, PCS Director	**Ongoing** NWSSP has planned to review the SLA when options for NHAIS replacement are confirmed. NWSSP plan to complete the action in 2019-20.

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
National Health Application and Infrastructure Services – IT controls work						
2017-18.4	The NHAIS system administrators uses this system manager access privilege to create, amend and remove user access accounts on the NHAIS system. However, the process the systems administrator uses to create, amend and remove user access accounts to the NHAIS system is not documented.	Document procedures for the process the systems administrator uses to create, amend and remove user access accounts to the NHAIS system.	**Medium**	**Yes**	**Dave Hopkins, PCS Director**	**Completed** NWSSP has completed this action in late 2018.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
National Health Application and Infrastructure Services – IT controls work						
2017-18.5	There is no regular review, for example, annually, of the user access accounts to NHAIS to ensure these are appropriate to job function. Any review performed is infrequently or 'ad hoc'.	Complete a regular review, for example, annually, of the user access accounts to NHAIS to ensure these are appropriate to job function.	Medium	Yes	Dave Hopkins, PCS Director	**Completed** NWSSP has completed this action in late 2018 by undertaking a review of access.

New issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
National Health Application and Infrastructure Services – IT controls work						
2018-9.4	The NHAIS IT system backup servers operates on a Window Server 2008 environment which is de-supported by the manufacturer in January 2020. This means from January 2020 the manufacturer will not be provided software updates to this environment and any potential security vulnerabilities could be exploited.	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.	Medium	Yes	Dave Hopkins, PCS Director	**Ongoing** NWIS are in the process of developing a plan to upgrade all Windows Servers from WS2008. These servers are included in that plan. NWSSP will be notified of the upgrade date when the plan in complete.

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
Oracle Financial Management System – IT controls work						
2017-18.9	Indicators are collected and measured on the delivery and performance of the Oracle FMS service. However, these are not routinely reported to the Oracle Strategy Development Group (STRAD) on a quarterly basis to allow performance against service level targets to be monitored and challenged.	Prepare a summary dashboard of the key performance indicators of the Oracle FMS service and Central Oracle Team responsibilities, for example, the set up of new suppliers, Oracle transaction times and IT service issue calls raised and closed. Report these performance indicators to the Oracle Strategy Development Group on a quarterly basis for assurance and scrutiny of the FMS Service provided.	**Medium**	**Yes**	**Said Shadi, Associate Programme Director**	**Completed** CTES report indicators regarding service availability, performance and response times to the Oracle STRAD Group. CTES completed this action from the end of 2018.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
Oracle Financial Management System – IT controls work						
2017-18.7	The Cardiff Royal Infirmary (CRI) data centre hosts the Oracle backup servers. CTES was managing the upgrade of this Oracle hardware in early 2018. However, we identified during our fieldwork that the new Oracle servers installed for the March 2018 implementation did fit the racks but the door could not be closed and locked. Furthermore, the servers were not spaced out across the whole server racks so potentially circuit overloading may occur and potential overheating. This issue was raised on the day of the audit fieldwork in February 2018 and it was a known issue.	Install larger racks for the new Oracle hardware so the racks doors can be closed and the servers should be spread out across the top and bottom half of the racks to avoid potential overheating and overloading of circuits.	Medium	Yes	**Said Shadi**, Associate Programme Director	**Completed** CTES has ensured the new rack was successfully installed in April 2018 and all the new infrastructure re-installed. No heating issues have been reported since fine tuning of fan speeds on relevant servers.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
Oracle Financial Management System – IT controls work						
2017-18.9	The last IT Disaster Recovery (DR) test on the Oracle FMS service was in July 2017. NWSSP plan the annual scheduled IT DR test for every November. However, due to the Oracle FMS hardware upgrade completed in March 2018 this was put on hold until the new IT infrastructure was deployed.	Schedule and complete an IT Disaster Recovery test on the Oracle FMS service for June or July 2018.	Medium	Yes	Said Shadi, Associate Programme Director	Completed CTES has completed the annual IT DR test following the migration onto the IT infrastructure in November 2018.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
Oracle Financial Management System – IT controls work						
2017-18.10	NWSSP last completed an internal vulnerability assessment of the Oracle FMS and infrastructure set up in September 2017. The Oracle hardware was upgraded in March 2018. NWSSP should plan and schedule an internal vulnerability assessment of the new Oracle FMS infrastructure set up implemented mid March 2018 to identify any potential security threats.	Plan and schedule an internal vulnerability assessment of the new Oracle FMS infrastructure set up implemented mid March 2018 to identify any potential security threats.	**Medium**	**Yes**	**Said Shadi**, Associate Programme Director	**Completed** CTES has completed an IT penetration test for the new IT infrastructure was in March 2018. CTES completed a further penetration test in Q2 2018 as part of the first change release cycle post go-live onto the new infrastructure. NWSSP has completed all critical recommendations from this testing.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2018
Oracle Financial Management System – IT controls work						
2017-18.11	CTES has not completed and documented a gap analysis assessment of the Oracle FMS to the Information Security Management Standard (ISO 27001) to identify potential improvement areas.

It is good security management practice to assess and baseline a comparison to the ISO 27001 standard.

CTES should then formally consider and whether the Oracle service aims for a formal IS027001 accreditation. | Complete a gap analysis assessment to the Information Security Management Standard (ISO 27001) to identify potential improvement areas.

CTES should then formally consider and decide whether the Oracle service aims for a formal IS027001 accreditation. | Medium | Yes | Said Shadi, Associate Programme Director | **Ongoing**

CTES has contracted the support and management of the Oracle FMS services to Version 1 Solutions Ltd who are ISO 27001 accredited.

CTES will be completing a gap analysis by the end of August 2019. CTeS to attend external training in July, this could not be undertaken any earlier due to previous course cancellations. The outcome will be a set of recommendations to implement during 2020-21 |

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2018
Oracle Financial Management System – IT controls work						
2017-18.12	CTES provides FMS services to the consortium of Welsh NHS organisations. It is good practice IT service management to conform or be accredited to the Information Technology Service Management (ISO 2000) standard. CTES should consider the benefits to complete accreditation to the Information Technology Service Management (ISO 2000) standard for service management.	CTES should consider whether it aims to complete accreditation to the Information Technology Service Management (ISO 2000) standard for service management.	Medium	Yes	Said Shadi, Associate Programme Director	**Ongoing** CTES has included work to obtain ISO 20000 on the division work plan. CTES has initiated work and this continues to be progressed albeit slowly due to high priority business deliverables. The aim is to implement the policies and processes to achieve accreditation by April 2020.

New issues identified during IT audit work					
Issue	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
Oracle Financial Management System – IT controls work					
2018-19.5 The November 2018 IT Disaster Recovery test was the first test to be undertaken on the new Oracle hardware platform. However, not all NHS organisations attended the scheduled test as planned. In addition, the newly formed Health Education and Improvement Wales should also attend the next testing as they were formed later in 2018.	Ensure those NHS organisations who did not attend the November 2018 Oracle FMS IT Disaster Recovery (DR) test participate in the November 2019 scheduled test.	Medium	Yes	**Said Shadi**, Associate Programme Director	**Ongoing** All apart from two organisations all participated in the annual Business Continuity/Disaster Recovery (BCDR) test in November 2018. The remaining two organisations are expected to partake in the BC DR scheduled for November 2019.
2018-19.6 The Services and Accommodation Centre (SAC) data centre hosts Oracle FMS hardware which the main or primary system operates on. However, on the day of our fieldwork we identified that:	Strengthen the IT controls over the Services and Accommodation Centre (SAC) data centre by replacing the room UPS which is end-of -life and ensuring the	Medium	Yes	**Said Shadi**, Associate Programme Director	**Ongoing** CTeS in conjunction with Version 1 have been monitoring the temperatures of the servers. The temperature status of all servers are included in the monthly service reports. To date the servers remain within

New issues identified during IT audit work					
Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
• the SAC data centre room Uninterruptible Power Supply (UPS) is approximately 13 years old and considered end-of -life. This should be replaced. • the area directly behind the Oracle FMS servers was hot and CTES should check whether these were operating at an appropriate temperature. CTES should consider installing additional air conditioning or zone temperature reduction controls.	Oracle FMS servers are operating at an appropriate temperature or install additional air condition at the back of the Oracle FMS servers.				acceptable tolerances and the situation continues to be monitored. Waiting for confirmation from CAV UHB on plans to upgrade their UPS in SAC. The situation remains under review.
2018-19.7 The Cardiff Royal Infirmary (CRI) data centre hosts Oracle FMS hardware which the	Improve the IT controls over the CRI data centre by	Medium	Yes	Said Shadi, Associate Programme Director	Completed There are now upgraded N+1 AC units installed in the room.

New issues identified during IT audit work					
Issue	**Recommendation**	**Priority**	**Agreed**	**Trust responsibility and actions – NWSSP**	**Current status – June 2019**
secondary or backup system operates on. However, on the day of our fieldwork we identified that: • there were only two air conditioning units in the room so there was no redundancy or spare capacity, for example, in the event of one unit failing; and • the data centre room CCTV camera, located in the corridor outside the room, was not directed onto the main access door.	installing additional air conditioning units in the room and redirecting the room CCTV camera onto the direction of the data centre access door.				The CCTV in the corridor has been reported to Security to determine whether it can be fixed. Notwithstanding this, there is now a CCTV unit in the CRI data room and reporting back separately to our network for remote monitoring.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	Trust responsibility and actions – NWSSP	Current status – June 2019
ESR Payroll systems administration – IT controls work						
2017-18.14	Complete a review of ESR payroll user access rights provided to ensure these are appropriate to job functions complete should place more frequently, for example, every 6 months. During our audit fieldwork in March 2018 NWSSP indicated that these reviews had moved during 2017 from 12 month to every 6 months with the next 6 month review planned for July 2018.	Review the shared services payroll access on a regular basis, for example, every six months, to ensure access is appropriate to job function.	**Medium**	**Yes**	**ESR System Administrator**	**Completed** Employment Services has reviewed payroll user access in line with the Payroll User Responsibility Profile User Access Matrix in July 2018. Employment Services has now scheduled to review the user access every six months.

NHS WALES SHARED SERVICES PARTNERSHIP

Audit Committee - 9th July 2019

Counter Fraud Report on Lessons Learned

CRAIG GREENSTOCK
COUNTER FRAUD MANAGER
CARDIFF & VALE UNIVERSITY HEALTH BOARD

NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 9th JULY 2019

Counter Fraud Report on Lessons Learned

1.   **Introduction**

2.   **Sharing Lessons Learned**

Mission Statement

To provide the Trust with a high quality NHS Counter Fraud Service, which ensures that any report of fraud is investigated in accordance with NHS Secretary of State Directions and all such investigations are carried out in a professional, transparent and cost effective manner.

1. INTRODUCTION

There is a need to ensure that the Velindre University NHS Trust and its' hosted bodies, including NHS Wales Shared Services Partnership, have robust policies and procedures in place to ensure that fraud is deterred in order to protect public money and also to assure the individual Audit Committees that control systems and a clear audit trail is in place whereby should a fraud be suspected and/or identified, then it can be reported and investigated correctly and in accordance with the relevant guidelines.

A key part of this process is that should a fraud be identified and investigated, any subsequent findings are then reported to the Director of Finance, so that recommendations can be made to close any weaknesses and so that lessons can be learnt and best practice then shared across the Health Body. This learning should be measurable and any changes made must then be open to audit scrutiny.

Where required and to ensure that lessons learnt and good practice is shared across the Health Body, then there has to be an agreed approach so that it can clear identify that lessons have been identified, implemented and monitored through audit not only at management level, but also from a governance prospective to determine the robustness of any such arrangements.

2. LESSONS LEARNED

Each fraud investigation is different and has to be taken forward on it's own merits and whilst every case does require a closure report which is then signed off prior to closure, by NHS Counter Fraud Service (Wales), not every investigation requires an action plan.

In the case of Velindre University NHS Trust, there has been a varied range of referrals, but the majority of investigations, over the last five (5) years, have been in relation to false claims made for funding to NHS Student Finance in respect of bursaries, grants and loans for nurse training courses.

False Claims for Costs

Whilst there has been a reduction in the number of cases being reported over the last couple of years that resulted following a change in the claim process from paper based to on-line, there have still been further recent cases, referred to NHS Counter Fraud, whereby the claimant has then provided false and/or misleading information as to his/her personal circumstances and these would have been take into account when calculating the amount of the claim and what payments could be made to the claimant.

Overpayment of Salary

There has been a recent batch of such cases being referred to NHS Counter Fraud whereby the subject, despite moving to another NHS post, has then received salary payments as a result of non-completion, by his her Line Manager, of the required paperwork (e.g. termination form, reduction in hours etc). In one of the recent cases, this resulted in a significant overpayment that then led to a criminal prosecution and ongoing recovery of the money.

The main lessons to be learned from these types of cases are as follows:

- Managers to ensure that Staff Termination are completed in a timely fashion
- Managers to ensure that their Budget Reports are reviewed on a monthly basis to identify any significant budgeted expenditure to actual anomalies
- Managers to ensure that their Staff in Post Reports are reviewed on a monthly basis to identify any leavers and/or "Ghost" employees.

Working Elsewhere whilst claiming to be on Sickness Absence

The main lessons to be learned from such investigations are for Managers to ensure that should a member of staff report a sickness absence, then the required forms (Self Certification and Medical Certificates) are completed and submitted on a timely basis.

In addition to this and should an employee be on Long Term Sickness Absence, then the procedure for dealing with such issues is then closely followed.

As a result and should there be any suspected fraud (e.g. working elsewhere), then there would be a clear audit trail in the subject personal file together with documentation that has been signed, dated etc which could then be used as part of any subsequent investigation.

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NHS Wales
Fighting Fraud Strategy

STOP NHS
WALES FRAUD

CONTENTS

01 Foreword

I am pleased to introduce this Counter Fraud Strategy for NHS Wales. This Strategy will focus efforts on the fight against criminal fraud, bribery and corruption. The Welsh Government is clear that it will not tolerate economic crime against NHS Wales. These crimes are not victimless, because they steal funding that is intended to provide services to patients. Welsh Government supports action to protect these funds and to seek redress for all economic crimes committed against NHS Wales.

With a multi-dimensional approach through criminal prosecution, fraud prevention and awareness campaigns, we are determined to not only make economic crime much harder to commit, but also to increase recovery of funding stolen from NHS Wales. We will continue to build intelligence to gain a comprehensive picture of the evolving fraud risks and to develop creative, innovative and proportionate solutions to address them.

Development of a strategic, tactical and operational response across NHS Wales means that it will be better able to target weaknesses that fraudsters are exploiting. The more money that we are able to stop getting into the hands of criminals, the more resources are available for frontline services.

I am pleased to support this important work and am confident that this strategy will be a crucial step forward in fighting fraud in NHS Wales.

Finally, I would like to thank our highly motivated staff and stakeholders for their efforts in the continued fight against fraud, bribery and corruption within the NHS in Wales.

Dr Andrew Goodall CBE
Chief Executive, NHS Wales
June 2019

02 Executive Summary

The prevalence and scale of economic crime, including all aspects of fraud, is an increasing concern for the UK. The aims of this Strategy are to prevent fraud from taking place in NHS Wales, and to increase the likelihood of detecting fraud with appropriate sanctions applied where appropriate. We will achieve this through:

- Using intelligence to understand the nature of fraud risks;
- Educating and engaging staff and stakeholders to raise awareness of the potential for fraud and the harm that it causes; and
- Pro-actively detecting and investigating frauds and securing appropriate sanctions.

Fraud against the NHS, which for the purpose of this document includes fraud, bribery, corruption and other relevant unlawful activity, affects all those who work within it and all those who rely upon it. Fraud steals valuable NHS resources, increases costs, reduces efficiency and undermines public confidence. NHS Wales and the Welsh Government are clear that fraud cannot be tolerated as it is unacceptable, and takes away vital resources intended for the provision of high quality patient care. Whilst controls to prevent fraud are in place, these must continually evolve over time to reflect learning, progress and an understanding of new potential risks and system weaknesses. As such, NHS Wales will focus its resources on prevention and detection activity, where these are likely to have the most impact.

Our approach includes the application of sanctions by means of criminal and disciplinary proceedings, in tandem with action to recover monies defrauded, via civil recovery or under the powers given by the Proceeds of Crime Act 2002. In the five years to 31 March 2019, 388 sanctions have been applied, and £2.3m of monies defrauded from NHS Wales reclaimed and returned to fund patient care.

The types of fraud that we particularly face includes:

- Procurement frauds;
- Contractors – inflated invoices/collusion in awarding of contracts;
- Dentists, GPs, Opticians, Pharmacists – claiming for treatments not provided to patients;
- Patients – falsely claiming exemption from NHS Charges;
- Staff – working while sick, timesheets and expenses, false qualifications;
- Grants to Voluntary Organisations; and
- Cyber Fraud.

The challenges that we face, in an environment where fraud risks are continually evolving, and where the level of fraud activity is believed to be increasing, are:

- There is a lack of comprehensive analysis of specific fraud risks which may result in counter fraud resources not being directed to the most appropriate areas; and
- Although each Health Board and Trust are required to appoint a Local Counter Fraud Specialist (LCFS), there is no benchmark for the level of resource that should be invested in counter fraud activity, resulting in significant variation in resourcing levels.

The scale and prevalence of economic crime, the wide variety of areas affected, and the challenges mentioned above, all point to the need for targeted and co-ordinated action to effectively tackle the problem.

03 Strategic Objectives

Our vision is to have an NHS in Wales, which is able to protect the resources needed for front-line patient care from fraud. To do this we need to have a co-ordinated approach:

- which educates and engages with staff and stakeholders to raise awareness of the potential for fraud and the harm that it causes;
- that uses intelligence to understand the nature of fraud risks; and
- pro-actively detects, investigates frauds and secures sanctions at all levels.

The key strategic objectives for NHS Wales over the mid-term are:

Inform and Involve

- continue to improve the approach to joint working

  - ensure that Counter Fraud Services are aligned and engaged with Audit & Assurance, the Post- Payment Verification Teams, and the Auditor General's auditors.

- reinforce the clear message that fraud will not be tolerated

  - continue to raise awareness with staff and stakeholders; and
  - ensure clear guidance on how to report suspicions.

Prevent and Deter

- identify the key fraud risks to NHS Wales:

  - undertake regular risk assessments;
  - work jointly with partners to make better use of data analytics;
  - in-depth analysis of relevant information; and
  - review existing sources of assurance.

- Maximise the benefits of partnership working

  - Sharing information and learning lessons with organisations such as the Auditor General, NHS Counter Fraud Authority, Health Inspectorate Wales, the Home Office, Cabinet Office and Welsh Government.
  - Continually reviewing and improving our system controls to address identified weaknesses.

Hold to Account

- ensure a consistent and comprehensive approach to counter fraud across the whole of NHS Wales:

  - develop a benchmark for LCFS resource in each organisation in NHS Wales;
  - require all NHS organisations to achieve a green rating against the Counter Fraud Standards; and
  - invest in and develop the Counter Fraud capacity across NHS Wales and develop a talent pipeline.

- improve the capacity for financial investigation work:

  - maintain a minimum resource of two financial investigators;
  - arrange additional training to reinforce cover arrangements and succession planning.

04 Strategic Framework

Countering fraud requires a multi-faceted approach that is both proactive and reactive.

The various bodies involved in countering fraud within NHS Wales comply with broad principles to guide their work to minimise the incidence of fraud and to deal effectively with those who commit fraud against the NHS.

The overall requirement underpinning these principles is effective strategic governance, strong leadership and a demonstrable level of commitment to tackling fraud from senior management across NHS Wales. The key principles, which are the overarching areas scored by the NHS Counter Fraud Authority in the Counter Fraud Standards, are:

Inform and Involve – raising awareness with NHS Wales staff, stakeholders and members of the public in highlighting the fraud risks, the consequence of those risks to the NHS, and the measures taken against those found to have committed fraud;

Prevent and deter – providing solutions to mitigate identified fraud risks, undertaking proactive targeted work to detect possible fraudulent activity based on effective analysis of data, and discouraging individuals who may be tempted to commit fraud against the NHS;

Hold to Account – investigate allegations of fraud thoroughly and to the highest professional standards, and where appropriate seek the full range of civil, criminal and disciplinary sanctions and seek redress where possible; and

Strategic Governance – Fraud is constantly evolving and continuous re-evaluation and improvement is needed to ensure that our approach remains effective.

NHS Wales Strategic Framework for Counter Fraud
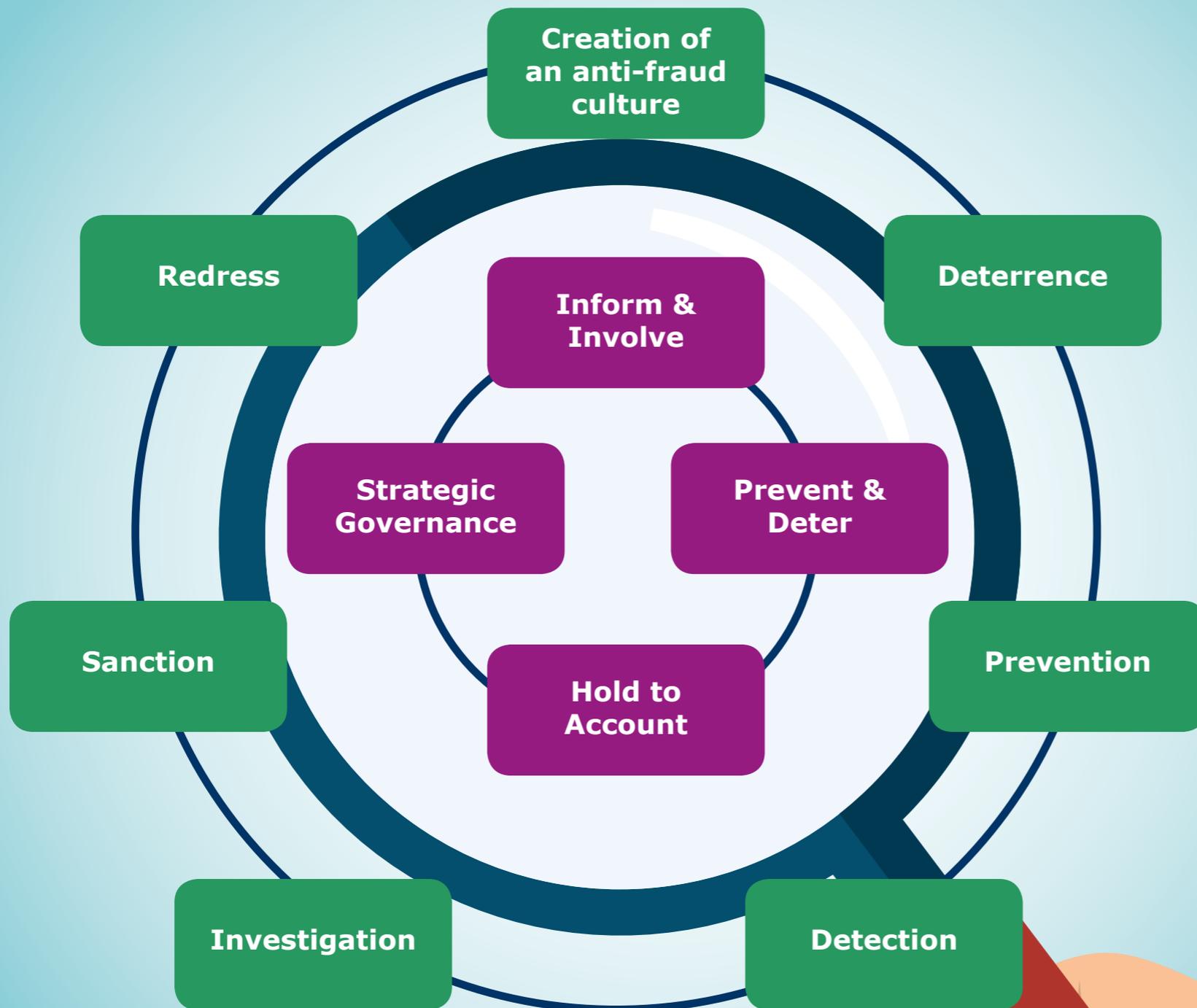
Creation of an anti-fraud culture

Deterrence

Redress

Inform & Involve

Strategic Governance

Prevent & Deter

Hold to Account

Sanction

Prevention

Investigation

Detection

CONTENTS

6

05 Resources

The primary approach to counter fraud services in NHS Wales is through the following:

Health Boards, Trusts and Special Health Authority

Local Counter Fraud Specialists

All Wales

Counter Fraud Service Wales

Specialist Support

NHS Counter Fraud Authority

- Welsh Government Directions on Counter Fraud require each Health Body to nominate qualified Local Counter Fraud Specialists, recognised and accredited by the Counter Fraud Professional Accreditation Board. There are currently 20 LCFS in Wales, all directly employed by NHS bodies. LCFS are the primary point of contact for all economic crime concerns within the health body they serve. They agree work plans with their respective organisations covering a balance of proactive (fraud awareness and detection) and reactive (fraud investigation) work, closely aligned to the delivery of the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales).

- The Counter Fraud Services Wales (CFSW) comprises seven experienced, accredited and trained investigators. The role of CFSW is to investigate large scale and complex economic crime and provide specialist operational guidance to the LCFS network. The CFSW are authorised to utilise restricted financial investigation powers under the Proceeds of Crime Act 2002, and currently have two fully trained investigators to undertake this work.

- The NHS Counter Fraud Authority (NHSCFA) is a special health authority providing services to NHS England. In accordance with a Section 83 Government of Wales Act 2006 arrangement, the NHSCFA provides specialist operational support services to NHS Wales. These include Forensic Computing and Specialist Dental services and the Welsh Government pay directly for these services via an annual SLA.

In addition to the above, the following functions also have a direct role in countering fraud:

- **Primary Care Services (PCS)** – The Post Payment Verification (PPV) team in PCS undertake checks within General Medical Services, General Ophthalmic Services and Community Pharmacy. Similar checks on Dental Services in NHS Wales are conducted via an agreement with NHS (England) Business Services Authority. The purpose of the checks is to provide assurance to the Health Boards that claims for payment made by primary care contractors are appropriate, and that the delivery of the service is as defined in the NHS service specification and relevant legislation. There is regular liaison and an Information Sharing Protocol with the CFSW and LCFS teams, with any potential fraud concerns referred for investigation.

- **Audit & Assurance** - all NHS bodies in Wales receive internal audit and assurance services delivered by the NWSSP Audit & Assurance Team. While they are not directly responsible for detecting fraud, their controls and assurance work can both highlight system weaknesses, and potential breaches of controls, which may indicate a higher propensity for fraud. In such circumstances, they work with the relevant LCFS to achieve a co-ordinated response. In addition, an Information Sharing Protocol between the LCFS and Audit & Assurance helps to reinforce the good relationship between the Counter Fraud and Internal Audit services;

- **Auditor General for Wales (Auditor General)** – all NHS bodies in Wales are subject to an external audit by the Auditor General. Whilst the work undertaken by the Auditor General's auditors is again not directly targeted at fraud, they too may uncover system weaknesses or actual indications of fraud. There is regular liaison between the Auditor General's auditors and CFSW to discuss possible fraud concerns;

- **National Fraud Initiative (NFI)** - The NFI was established by the Audit Commission in 1996 and matches data within and across public bodies every two years to identify anomalies that may be due to fraud. NFI is run in Wales by the Auditor General under statutory data matching powers. Since NFI started, it has found more than £35m in fraud and overpayments across the Welsh public sector and the latest biennial NFI exercise uncovered £5.4m, an increase of £1m from the previous exercise.

In addition to the specific measures highlighted above, it is incumbent on all NHS staff to be vigilant in identifying potential opportunities for, and/or actual occurrences of, fraud and to report any concerns to CFSW or the health body LCFS.
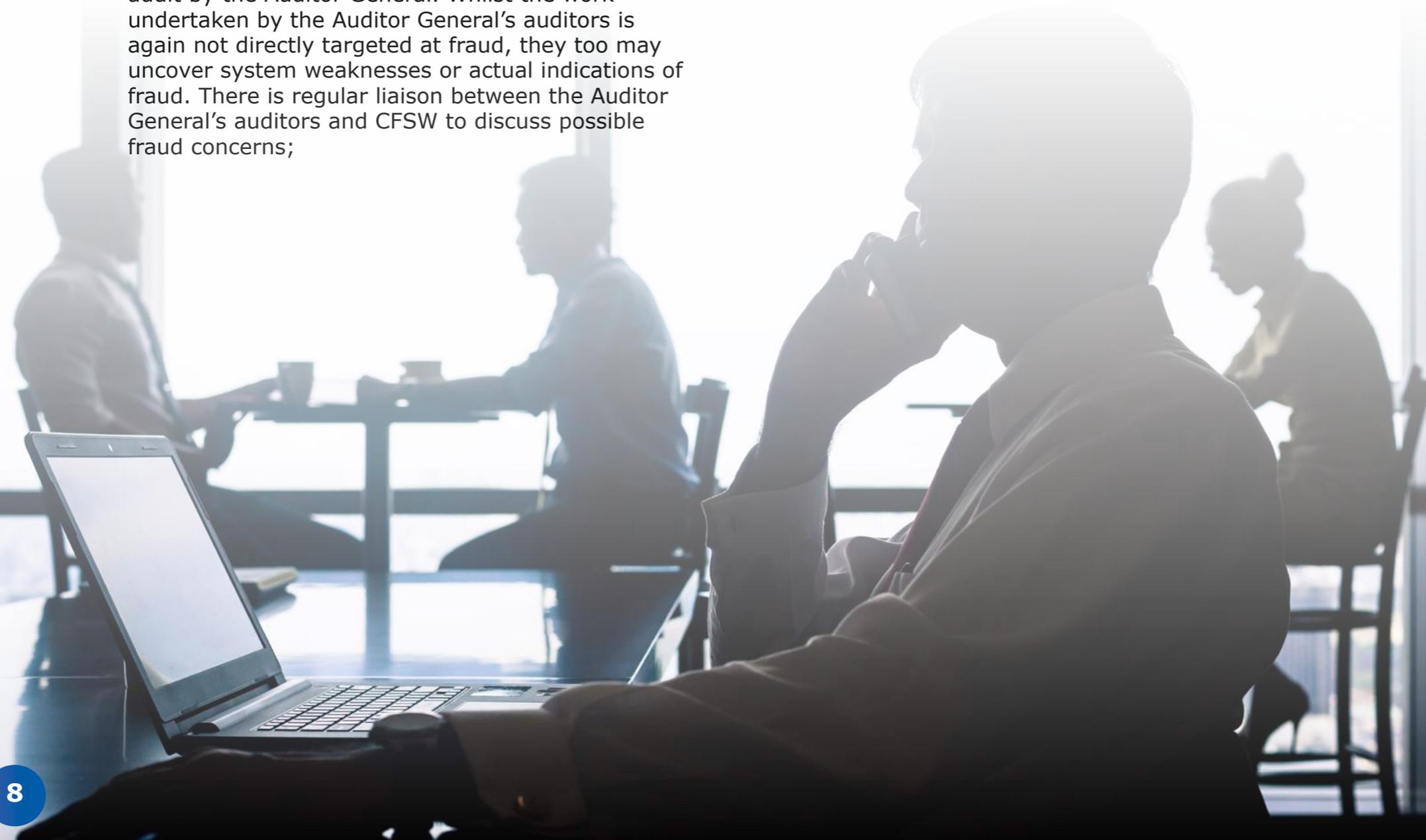
06 Governance

The Counter Fraud Steering Group (CFSG) provides the prime governance and oversight for counter fraud arrangements in NHS Wales. The group is a subgroup of the all-Wales Directors of Finance Forum. The role of the CFSG is to provide strategic oversight and review of the counter fraud service provided to NHS Wales, and to make recommendations for change to Welsh Government and to the NHS Wales Directors of Finance Group for adoption.

The Group is chaired by the NWSSP Director of Finance and Corporate Services, with a current membership, which includes:

- Welsh Government representative
- NHS Wales Directors of Finance representative
- NHS Wales Audit Committee Chairs representative
- NWSSP Director of Audit & Assurance
- NWSSP Director of Primary Care Services
- NHS CFS Wales Operational Fraud Manager
- NHS Counter Fraud Authority representative
- NHS Wales LCFS representative
- NWSSP Head of Corporate Services
- NWSSP Legal & Risk Representative
- Auditor General representative (Observer)

Operationally, all local counter fraud services across Wales report to their Finance Directors and have their annual work plans approved and monitored by the Audit Committees in each organisation. These will typically meet four to five times a year and the respective LCFS for each organisation will attend the Committees and present their annual work plans, progress report and annual report to the appropriate meetings.

In addition, the CFS Wales Operational Fraud Manager presents updates on NHS Wales counter fraud activity, proactive work, potential risks, and accurate data on resources and sanctions via quarterly and annual reports and regularly updates the Health and Social Services Audit and Risk Committee of Welsh Government on fraud risks in NHS Wales.

07 Quality Assurance

The quality of services is measured by compliance with the Fraud, Bribery and Corruption Standards (the standards), produced by the NHS Counter Fraud Authority, and adopted by NHS Wales. The standards are designed to ensure that counter fraud, bribery and corruption measures are implemented in accordance with the Minister for Health and Social Service directions, and the service level agreement between the Welsh Government and the NHS Counter Fraud Authority.

There are currently 23 standards, grouped under the following four key principles:

- **Inform and Involve** – assesses measures to raise fraud awareness, and to highlight the consequences of fraud;
- **Prevent and Deter** – assesses how an organisation discourages individuals from committing fraud, and ensuring that opportunities for fraud to occur are minimised;
- **Hold to Account** – assesses the arrangements to detect and investigate fraud, and how redress is sought through the appropriate application of sanctions; and
- **Strategic Governance** – assesses an organisation's strategic governance arrangements, to ensure that appropriate measures are embedded at all levels.

The quality assurance programme comprises two main processes: assurance and assessment. The assurance process primarily focuses on an annual self-review against the standards, which is undertaken by the organisation and the results submitted to the NHSCFA. The assessment process is then undertaken by the NHSCFA Quality and Compliance team.

The Self-Review Tool, supporting evidence and inspection process enables an independent assessment of the counter fraud resources and performance at the health body.

The annual assessments indicate that NHS Wales LCFS performance is generally positive, and confirm that any recommended improvements or enhancements are promptly addressed.

In addition, the work of the CFSW team is also subject to a cyclical governance assurance review, again conducted by the NHS CFA. This was last undertaken during 2017, and found that:

"In summary the CFS Wales conducts criminal investigations professionally and thoroughly. They comply with current legislation and NHS operational policies governing the conduct and management of criminal cases, including use of the FIRST case management system. The advice, guidance and support they provide to the wider counter fraud community in Wales is appreciated".

08 Conclusion

NHS Wales and the Welsh Government is committed to sustaining and improving the health and wellbeing of the people of Wales. Maximising the use of resources is crucial to delivering on this commitment. We are therefore determined to combat NHS fraud wherever it arises and continue to adopt a co-ordinated approach to ensure that as far as possible healthcare funding is used for legitimate patient care.

To achieve this we need a shared vision and common sense of purpose i.e. of a Welsh Health Service where fraud is not allowed to flourish but which is mitigated and reduced through targeted interventions, supported by an anti-fraud culture in which all staff and stakeholders are engaged.

This strategy will help in engaging fully with all those who have a role in protecting services and resources and further raise the profile of the detrimental impact of fraud. The strategy will be supported by a detailed action plan that will be regularly monitored by the Counter Fraud Steering Group.

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Reporting Fraud

Report NHS fraud securely and confidentially by using the NHS Counter Fraud Authority's online reporting tool or by calling our free phone line on *0800 028 40 60*.