

Agenda – Public Accounts Committee

Meeting Venue:	For further information contact:
Committee Room 5 – Tŷ Hywel	Fay Bowen
Meeting date: 12 March 2018	Committee Clerk
Meeting time: 14.00	0300 200 6565
	SeneddPAC@assembly.wales

(The Committee agreed on 5 March 2018, a motion under Standing Order 17.42 to resolve to exclude the public this meeting.)

- 1 Introductions, apologies, substitutions and declarations of interest**
(14.00)
- 2 Paper(s) to note**
(14.00 – 14.10) (Pages 1 – 2)
 - 2.1 Hospital Catering and Patient Nutrition: Letter from the Welsh Government (22 February 2018)**
(Pages 3 – 5)
 - 2.2 Inquiry into Regulatory oversight of Housing Associations: Committee Correspondence**
(Pages 6 – 14)
 - 2.3 Implementation of the NHS Finance (Wales) Act 2014: Letter from the Welsh Government (26 February 2018)**
(Pages 15 – 17)
 - 2.4 Community Safety in Wales: Letter from the Welsh Government (27 February 2018)**
(Pages 18 – 20)
- 3 The Welsh Government's initial funding of the Circuit of Wales Project: Committee correspondence**
(14.10 – 15.10) (Pages 21 – 67)



PAC(5)-08-18 Paper 1 – Letter from the Welsh Government (5 March 2018)

PAC(5)-08-18 Paper 2 – Key issues

4 NHS Wales Informatics Services: Auditor General for Wales' Report

(15.10 – 15.40)

(Pages 68 – 179)

Research Briefing

PAC(5)-08-18 Paper 3 – Auditor General for Wales' Report

PAC(5)-08-18 Paper 4 – Welsh Government response to the Auditor General for Wales' Report (January 2018)

PAC(5)-08-18 Paper 5 – Welsh Government response to the Auditor General for Wales' Report (March 2018)

5 Housing Adaptations: Auditor General for Wales' Report

(15.40 – 16.00)

(Pages 180 – 278)

Research Briefing

PAC(5)-08-18 Paper 6 – Auditor General for Wales' Report

6 Forward work programme – Summer 2018

(16.00 – 17.00)

(Pages 279 – 291)

PAC(5)-08-18 Paper 7 – Forward work programme

Concise Minutes – Public Accounts Committee

Meeting Venue:

Committee Room 4 – Tŷ Hywel

Meeting date: Monday, 5 March 2018

Meeting time: 13.15 – 15.59

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/4509>

Attendance

Category	Names
Assembly Members:	Nick Ramsay AM (Chair) Mohammad Asghar (Oscar) AM Neil Hamilton AM Vikki Howells AM Rhianon Passmore AM Adam Price AM
Witnesses:	Jonathan Hopkins, Welsh Government Sue Moffatt, Welsh Government Andrew Slade, Welsh Government
Wales Audit Office:	Huw Vaughan Thomas – Auditor General for Wales Matthew Mortlock Dave Thomas
Committee Staff:	Fay Bowen (Clerk) Meriel Singleton (Second Clerk) Claire Griffiths (Deputy Clerk)



1 Medicines Management: Consideration of the draft report

1.1 Members considered and agreed the draft report.

2 Introductions, apologies, substitutions and declarations of interest

2.1 The Chair welcomed the Members to the meeting.

2.2 Apologies were received from Lee Waters AM. There was no substitute.

3 Paper(s) to note

3.1 The papers were noted.

3.1 Public Procurement: Additional information from the Future Generations Commissioner (14 February)

3.2 Public Procurement: Additional information from Caerphilly County Borough Council (19 February)

4 Public Procurement: Evidence Session 4

4.1 Members received evidence from Andrew Slade, Director General, Economy, Skills and Natural Resources; Sue Moffatt, Commercial Director, Welsh Government & Director – National Procurement Service; and Jonathan Hopkins, Head of Procurement, Welsh Government as part of their inquiry into public procurement.

4.2 Andrew Slade agreed to send further information on a number of points raised.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

5.1 The motion was agreed.

6 Public Procurement: Consideration of evidence received

6.1 Members considered the evidence received.

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair
Public Accounts Committee

22 February 2018

Dear Mr Ramsay

Hospital Catering and Patient Nutrition

Further to your letter dated 30 January 2018, I am writing to provide the committee with the further information requested in relation to the National Nutrition and Catering IT Solution (NNCIS) and the Welsh Community Care Information System (WCCIS).

National Nutrition and Catering IT Solution (NNCIS)

As outlined in my letter dated 3 January 2018, the NHS Wales Shared Services Partnership (NWSSP), NHS Wales Informatics Service (NWIS) and the Health Boards and Trusts are working in partnership to procure and implement a Wales-wide National Nutrition and Catering IT Solution (NNCIS).

Anthony Hayward, Assistant Director of the National Collaborative Commissioning Unit, has now been appointed as the Senior Responsible Owner (SRO) for the project and Ian Rose, of NHS Wales Shared Services Partnership, as Project Director.

The key milestones leading up to the finalising of the system specification in September 2018 are as follows:

- January – February 2018 – project governance established and SRO appointed
- March 2018 – specification for external consultant to develop system specification agreed by Project Board
- April 2018 – external consultant appointed and user requirements workshops held
- May 2018 – existing ways of working/processes established, financial and technical impact assessments conducted and marketplace assessment undertaken
- June 2018 – findings shared with Health Boards for verification
- July 2018 – findings presented to Project Board for decision
- Aug 2018 – procurement route confirmed based on findings

The above reflects the current high level plan. This will be reviewed on a regular basis as progress is made, with detailed plans being developed stage by stage, in line with Prince2.

Following advice from procurement, the project team have provisionally selected to follow the competitive dialogue procedure. This decision is based on the complexity of any proposed solution and the limited capability to adopt a 'one size fits all' system when taking into account the different stakeholder groups, the diversity of existing processes across NHS Wales and the potential variance in end user requirements.

The time allowed for the procurement is in keeping with use of the competitive dialogue process. A final decision on the appropriateness of this procedure will be taken in August 2018.

Welsh Community Care Information System (WCCIS)

As you are aware, the Gateway Review of WCCIS, commissioned by the programme's Senior Responsible Owners (SROs), gave a Delivery Confidence Assessment of Amber and planning has been underway to address the key actions recommended in the report. The review report recognised that this is a very complex and ground-breaking programme, seeking participation from all seven health boards and twenty-two social services departments across Wales, and noted the significant progress made to get organisations live on the new system (nine at the time of the review).

The report recognised the complexity and challenge of such a programme, highlighting the key issues that if further developed and managed well would enable successful delivery. These include:

- The cultural differences between social and community health care as well as their different starting points for ICT;
- The challenge of managing a programme that has been built on consensus;
- The scale and complexity of the existing governance structures;
- The limited resources;
- The need for clarity at programme level on the road map and on the processes for assurance and information governance processes;
- The functional issues (of the system) arising from roll-out and how and when they are being managed;
- The recognition of the need for process change to exploit the opportunities offered by the technology and the effort and leadership required to manage that change process;
- The need for a dedicated communications resource.

Importantly, the review team determined that such issues might be expected from a programme with this degree of challenge, noted that they are entirely resolvable and that work was already underway to address them.

The findings and recommendations represent a balanced view of where progress has been made and the work required moving forward. It is pleasing that the complexity of the programme and progress to date has been recognised and it is fully accepted there is still much to be done to realise the benefits of this development.

The SROs have accepted the findings and recommendations of the review; they provide a clear pathway that should expedite progress and should increase collective confidence in this ambitious programme. These recommendations are being treated as a priority and an action plan is in place to ensure they are all addressed by late Spring 2018. Work is already underway by the programme, under the direction of the WCCIS Leadership Board.

The SROs have shared the findings of the review with a range of senior stakeholders, including Chairs of the Regional Partnership Boards, Directors of Social Services in Wales and Chief Executives of NHS Wales Health Boards.

I hope this letter provides you with the information required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Goodall', written in a cursive style.

Dr Andrew Goodall

Cynulliad Cenedlaethol Cymru
Senedd Cymru a Lloegr
Agenda Item 2.2

National Assembly for Wales
Public Accounts Committee

Amanda Davies – Chief Executive
Pobl Group,
Exchange House,
The Old Post Office,
High Street,
Newport,
NP20 1AA

18 December 2017

Dear Amanda,

Earlier this year you appeared before the Public Accounts Committee to provide evidence as part of the Committee's inquiry into the Regulation of Housing Associations. During the evidence session the Committee questioned you on the disclosure of loss of Office payments in the Grŵp Gwalia financial statements for 2015 –16. The Committee sought clarification from you as to why it appeared that some loss of office payments had not been disclosed following the creation of the Pobl Group.

You informed the Committee that a loss of Office payment would have been made by the Gwalia board to an individual that had been with the organisation for a long time and the payment was made in accordance with the individual's contractual commitments.¹ However, we highlighted that the payment had not been disclosed in the financial statements and you stated that you thought it was

¹ Record of Proceedings, Public Accounts Committee, 13 February 2017, paragraph 185



disclosed and that you would check, adding that there would be no reason for it not to be disclosed.²

Unfortunately this matter was not clarified following the meeting and we have since noted that the 2014–15 and 2015–16 accounts prepared by Grwp Gwalia include information about the emoluments (remuneration) of ‘senior executives’.

Note 10 of the 2014–15 accounts (on page 37) reports that “compensation for loss of office paid to Senior Executives during the year ended 31 March 2015 amounted to £35k”.

As I am sure you are aware, the accounts for 2015–16 were the first prepared to comply with new accounting standards (set out in Financial Reporting Standard (FRS) 102). Narrative on page 15 of those 2015–16 accounts notes that “the financial information for the year ended 31 March 2015 has been restated for material adjustments on adoption of FRS 102 in the current year”.

We interpret this as meaning that the figures for 2014–15, included in the accounts for 2015–16, may not be the same as those in the accounts for 2014–15 since they may have been restated (revised) as appropriate to reflect the different accounting requirements for 2015–16.

We have reviewed the adjustments but have not identified any relating specifically to information relating to payments for the compensation of loss of office.

Note 11 of the 2015–16 accounts (page 43) reports that the compensation for loss of office in the year to 31 March 2016 for “Directors who are executive staff members” was zero. The accounts report compensation of loss of office for the previous year (to 31 March 2015) of £406k.

We note that Directors are defined, in the footnote to Note 11, as “members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team”.

However, we are not clear as to whether this definition differs from that adopted, in 2014–15, for ‘senior executives’ and hence, whether the information in 2014–15 and 2015–16 is directly comparable. Aside from noting the different

² *ibid*, paragraph 191



descriptions adopted, we have not been able to identify any information to explain the relationship (or difference between the figures) for the amounts payable for compensation of loss of office for 2014–15 as set out in the 2014–15 and 2015–16 accounts (£35k and £406k respectively).

We have also reviewed the financial statements for Pobl Group Limited for 2016–17 and this has not identified any other information about amounts payable to senior officers in respect of compensation of loss of office.

Finally we have reviewed the accounts prepared by the former subsidiaries of Gwalia (Tai Cymdogaeth Cyf, Tai Cartrefi Cyf, Gofal A Chymorth Gwalia Cyf, Tai Gwyr Cyf and Gawlia Housing Trust). These all cross refer to the consolidated or Group accounts for 2016–17 i.e. those prepared by Pobl Group Limited. Therefore, this does not set out any relevant information either. We have not located the 2015–16 accounts for these subsidiaries on the website for Grŵp Gwalia.

Given the information above, I would be grateful if you could confirm the value of amounts payable for the compensation of loss of office in respect of directors and senior executive as a result of the merger of Gwalia and Seren to form the Pobl Group from 1 April 2016, along with a note to set out the date of payment, how these were treated and reported in the financial statements of the group(s) and its subsidiaries.

I would be also grateful if you could clarify the position regarding the amounts payable for the compensation of loss of office for accounting periods 2014–15 and 2015–16 accounts, including an explanation for differences in the amounts payable for 2014–15 as set out in the 2014–15 and 2015–16 accounts (£35k and £406k respectively).

Yours sincerely,



Nick Ramsay AM

Chair



Nick Ramsay AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA



26 January 2018

Dear Nick,

Thank you for your letter dated 18th December. I have already explained that I only saw your letter last week. Apologies. I have now had the chance to look into the questions you raise and can now clarify matters.

Starting with the accounting period 2014/15. The sum of £35k reported in the statutory account relates to the redundancy of a Gwalia Director of IT. The larger sum reported in the 2015/16 financial year of £406k relates to a significant restructuring programme which took place in Grŵp Gwalia called 'Fit for the Future'.

The aim of the programme was to significantly reduce costs in the Group, targeting some £3 million of efficiencies. The £406k payment for loss of office related to the redundancy cost of four members of the Executive team reducing the size of the Executive from 7 to 3 new posts. I am advised that the payments were made in line with their contractual entitlements and Gwalia's redundancy policy. Some of these Executives had over 26 years of service. Of the £406k, £167k relates to payment in lieu of outstanding contractual notice period. The decision that senior executives are not required to work their notice periods, leaving the business, is common practice and was wholly appropriate given the circumstances at the time. The removal of these posts realised recurring annual savings in excess of £350k.

In terms of the payment to Mr Williams and its disclosure, I have taken the opportunity to talk with our auditors Mazars about its treatment in the financial statements. Mr Williams was a very long serving member of staff with 33 years' service to Grŵp Gwalia. Mr Williams was made redundant by Grŵp Gwalia as a consequence of the decision to form the Pobl Group. The role of Pobl Group CEO was subject to a competitive process (with the full involvement of the Housing Regulator) and Mr Williams was not appointed. As a result, he was entitled to a redundancy payment under the Grŵp Gwalia redundancy policy. His redundancy payment was paid to him on 15th April 2016 as agreed between the respective legal advisors.

Mr Williams received a redundancy payment of £119k, he was also paid 9 months contractual notice of £114k and was owed holiday pay of £10k. All of these payments were agreed by the Grŵp Gwalia Board and shared with the regulator. As I stated at the PAC every penny paid to Mr Williams was in line with his contractual entitlement. In terms of the commercial gain to the new group the payback on this cost was less than 18 months.

The Pobl Group, in producing its first set of accounts followed FRS 102 by including a Directors note in the parent rather than within subsidiary company accounts. Michael Williams was an employee of Grŵp Gwalia which became a subsidiary of Seren Group (under the new name Pobl Group).

In line with the accounting standards Mr Williams' loss of office payment was not included in the parent accounts as he was not a Director of Pobl Group. Although this is technically a correct treatment, it doesn't reflect the fact that we would want to be open about Mr William's exit arrangements. During the PAC inquiry, we were in the process of producing the first set of Group accounts and, not being an expert in FRS 102, I had no reason to assume that the payments would not be fully disclosed.

We value transparency and at every step of the merger have been open about our plans and intentions. I am disappointed that this has happened and have asked Mazars to amend the disclosure note in Pobl Group's accounts to include the costs in relation to Michael Williams' loss of office. Our accounts will be re-issued on the Pobl Group website within the next working week.

If you wish to discuss this or any other matter further I would be more than happy to meet.

Yours sincerely,



Amanda Davies
Group Chief Executive

Cc Wendy Bourton, Pobl Group Chair

Amanda Davies – Chief Executive
Pobl Group,
Exchange House,
The Old Post Office,
High Street,
Newport, NP20 1AA

8 February 2018

Disclosure of compensation payable to directors and former directors

Dear Amanda,

Thank you for your letter of 26 January 2018, which sets out your response to the issues raised in my letter dated 18 December 2018. I sought clarification and information in respect of payments to senior executives for loss of office. This followed evidence you gave to the Public Accounts Committee during its inquiry into the Regulation of Housing Associations.

In your response, you note the reasons for the different amounts reported as being payable to directors for loss of office in 2014–15 as reported in the accounts for that year and in the 2015–16 accounts. You state that the payments relate to a decision to reduce the size of the Executive Team and that they were made in line with the contractual entitlement of staff.

I understand that accounting standards require that, where figures reported for the prior year are restated (or amended), this is set out clearly in the accounts. Also, accounting standards require that the accounts include explanations for amendments. It could be argued that the increase in the value of payments to directors for loss of office in 2014–15 (from £35k to £406k) was not significant in the context of the total expenditure incurred by Grwp Gwalia for that year.



However, given the sensitivity of the payments and the potential public interest in them, I would have expected appropriate disclosures to be made in the 2015–16 accounts of Grwp Gwalia. However, we have not identified any information relating to the restatement in those accounts.

You also set out the position in respect of the payment to Professor Williams, the former Chief Executive of Grwp Gwalia. My understanding is that accounting standards require organisations to recognise liabilities in their accounts, and make the related disclosures, when they have a present obligation to act or perform in a particular way.

You note that, as agreed between the respective legal advisors, the redundancy payment to Professor Williams was paid on 15 April 2016. It is not clear from the information you provide from which date Grwp Gwalia had an obligation to Professor Williams and hence, whether the redundancy payment should have been included and disclosed in the accounts for 2015–16 or 2016–17. As far as we can see, the payment was not disclosed in the 2015–16 accounts for Grwp Gwalia. You confirm that – since Professor Williams was not a director of the Pobl Group – the payment was not disclosed in its accounts for 2016–17 either.

I welcome your confirmation that you value transparency. Putting aside any technical accounting requirements in respect of which year the amount payable to Professor Williams was recognised and disclosed, it would clearly be unsatisfactory and lacking in transparency if the redundancy payment was not disclosed in the accounts of Grwp Gwalia or Pobl Group.

Your letter notes that, to respond to my letter, you have spoken to your external auditors, Mazars. You note that you are disappointed that the 2016–17 accounts of Pobl Group do not include a disclosure in respect of the payment to Professor Williams. While ultimate responsibility rests with the Board, it is for the Executive Group to prepare the accounts. In doing so, it must ensure that the accounts are



in accordance with applicable law and regulations, and include all appropriate disclosures. It is not the responsibility of the external auditor.

I welcome your decision to amend and re-issue the 2016-17 accounts for the Pobl Group so that they include information about the payment to Professor Williams. I would be grateful if you could advise that due process has been followed in this regard. I would also welcome your assurance that appropriate steps have been taken to ensure that, in future, sufficient and appropriate information is included in the accounts about sensitive payments, such as those for loss of office, thereby ensuring transparency [and enabling scrutiny].

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long horizontal flourish at the end.

Nick Ramsay AM
Chair



Nick Ramsay AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

21 February 2018

Dear Nick

Thank you for your letter dated 8th February. I have tried to contact your office for a discussion before drafting this response.

I want to confirm again that the disclosures in both the Grŵp Gwalia financial statements and in the Pobl Group financial statements are absolutely in accordance with the accounting standards which were in force at the time. This has been scrutinised in detail by our external auditors Mazars following your first letter. I have asked the question again and this has been reiterated by them and also by Pobl's Executive Director of Resources.

I think we agree that this is not necessarily an issue around the technical accounting treatment of such payments but equally importantly it's about ensuring transparency. When I said at the PAC that Mr Williams' payment for loss of office would be disclosed in the accounts, I said this in good faith having no reason to think that it wouldn't be. The confluence of the timing of the merger, the shift to FRS 102 (given the disclosure rules under FRS 102 differ from UK GAAP) and the timing of Mr Williams' exit from Pobl mean that the disclosure was caught up in the change. This is unfortunate and as you are aware we have updated the Pobl Group accounts to include the additional information. I wish I had spotted it at the time but sadly I didn't.

In terms of your request to me to 'advise that due process has been followed', I can confirm that both the Group Chair and the Chair of our Group Audit Committee have been part of the decision to add the additional disclosure into the accounts. Our auditors have confirmed they are happy with the inclusion and that, in their opinion, the change doesn't in anyway impact on the 'true and fair' view of the accounts. We will also be minuting the decision to voluntarily add the information at the next meeting of the Group Audit Committee and also at the next Pobl Group AGM.

As I have already said I am disappointed about the situation and I'm satisfied that it has now been dealt with.

Yours sincerely



Amanda Davies
Group Chief Executive

Cc Wendy Bourton, Pobl Group Chair

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair
Public Accounts Committee

Our Ref: AG/AWL/SB

26 February 2018

Dear Mr Ramsay

NHS Finance (Wales) Act 2014

Further to your letter of 30th January 2018, following my earlier letter of 22nd December 2017, please see below response to the issues raised:

- Zero Based Review

Hywel Dda UHB indicated that the current configuration of Hywel Dda UHB healthcare services was a structural constraint that limited their opportunity to be able to submit an approvable, sustainable and balanced Integrated Medium Term Plan (IMTP). As part of the Targeted Intervention arrangements Welsh Government commissioned the review to independently assess the “excess” costs of the current configuration of Hywel Dda UHB healthcare services against an appropriate comparator. The review was commissioned to address a specific issue raised by Hywel Dda and there is no intention to conduct similar reviews in other health boards, although there is learning from the process, particularly around demographic profiles, such as on age distribution, gender and deprivation as we continue to develop future allocation formula.

- Financial Governance Reviews

Four Financial Governance Reviews have been undertaken in the health boards subject to Targeted Intervention or Special Measures. The full reports have been shared with the respective Boards and, following detailed review by their respective Committees, the recommendations and action plans have been agreed by the Board in public meetings.

While the findings from each review are unique there are some common themes that come through the reports. These include:

- Need for a more sophisticated approach to financial planning with greater detail in assumptions
- Service transformation should be at the heart of financial planning, with a more strategic approach to efficiency savings
- Need for an overarching strategy that brings together clinical strategy, IMTP, financial plan, efficiency savings and other strategic initiatives
- Programme Management Office -
 - need to review and define capabilities, capacity and focus
 - should take a more central role in formulation and delivery of service transformation
- Need to define the focus of a modern finance department to aid formation of a formal development programme to support modernisation
- Organisations should be planning for at least a break-even position.
- Financial reporting needs to be strengthened
- Detailed and rigorous review of finance should be taking place at committee level and the level of Board scrutiny should be higher
- There is a need to diversify and develop the skills of independent members and non finance professionals
- There is a need to more clearly define the parameters under which service operational teams operate
- Performance management needs to get the right balance between holding to account and supporting operational teams
- Need for significant investment in leadership development, particularly as a tool to improve medical engagement
- Operational leadership teams need to be equipped with more insightful performance information to operate divisions, directorates and units effectively.
- These reviews act as a local reference point for improvement by Board

Beyond the local reports the broad findings and lessons have been shared by Deloitte through NHS Wales via workshops arranged for:

- Chairs and Chief Executives
 - Directors of Finance and their senior finance teams
- NHS Efficiency Savings

As detailed in the response, to the Health, Social Care and Sport Committee, the NHS Wales Efficiency, Healthcare Value and Improvement Group's approach focuses on disseminating good practice, and also taking forward specific initiatives such as the development of an Efficiency Framework for NHS Wales, medicines management, clinical variation, and to complement and support local efficiency programmes. Recent work presented at the Group includes that on

- Atlas of Variation – developing a programme of atlases of clinical variation to enable clinicians to understand and challenge unwarranted variation and to effect culture and behaviour clinician change
- Bevan Innovators Exemplars Programme - how to upscale and systemise the benefits of successful projects across NHS Wales.

- Hip Prosthesis Procurement – a prudent procurement approach to total hip replacement for the NHS in Wales via implementation of recommendations to standardise the use of hip prosthesis
- Welsh Wound Innovation Centre (WWIC) work to support value based procurement on Bed Management contract for NHS Wales.

The Health and Social Services Group are currently considering the findings and recommendations from the recent Parliamentary Review and are, in response, developing advice for the Cabinet Secretary for Health and Social Services on a long-term plan for health and social care. The points raised on efficiency, co-ordination to other national efforts and overarching programme will be considered within this response.

Yours sincerely



Dr Andrew Goodall

Agenda Item 2.4

Y Grŵp Addysg a Gwasanaethau Cyhoeddus
Education and Public Services Group



Llywodraeth Cymru
Welsh Government

Mr Nick Ramsay AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CARDIFF CF99 1NA

Date: 27 February 2018

Dear Mr Ramsay

COMMUNITY SAFETY IN WALES

Thank you for your letter of 30 January 2018 following the Committee's consideration of the Welsh Government's Working Together for Safer Communities Review and final report last month.

As you are aware, an Oversight Group involving key stakeholders from both devolved and non-devolved agencies and Welsh and UK Government departments was established last year to steer the review. The Cabinet Secretary for Local Government and Public Services met with the group last month to consider how best to take forward the various actions and commitments outlined within the Safer Communities programme (as described on pages 74-77).

The group is now developing a joint action plan and considering proposed timescales for the programme's implementation, some aspects of which will be delivered in the short term while others are longer term pieces of work. The Cabinet Secretary has, however, challenged the group to deliver a clear plan of action that makes a real difference to local communities and to do so "with pace".

I will be happy to send you a copy of the action plan, together with detailed timescales, once this is signed off by the Oversight Group and Cabinet Secretary.

In relation to the third agreed action, the 'development of a different relationship and strategic approach with non-devolved community safety partners that establishes a more effective leadership role for Welsh Government' has already commenced. For instance this is now being progressed via: the decision to continue the Oversight Group with the direct involvement of the Cabinet Secretary; the establishment of a new Justice in Wales Strategy Group bringing together Welsh Government and Ministry of Justice officials; and a refocusing of the Home Office Advisory Group with early policy discussions between UK and Welsh Government officials.



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Oversight Group has also initiated a rapid audit of the myriad of existing strategic boards with responsibility for various community safety thematic strands in order to rationalise and simplify the landscape wherever possible, for instance following a model of recent successful trials of 'back-to-back' meetings of the All Wales Criminal Justice Board and Integrated Offender Management Cymru Board.

This third action is also closely linked to the first as working with the Justice Commission will help to develop that different relationship and strategic approach. To this end, the Welsh Government will shortly be: setting out the outcomes it would like to see from the Commission; asking the Commission to examine how to achieve a more integrated and preventative approach to justice, drawing on the priorities and ways of working set out in Prosperity for All; and inviting the Commission to advise on specific actions that would promote better outcomes for the long term.

As you are aware, the timeframe for the work of the Commission takes us to the Autumn of next year when it is expected to report its findings and recommendations.

I can clarify that the Welsh Government does not intend to develop a distinct national strategy for community safety in Wales, as previously recommended by the Auditor General. Indeed, you will note that the Welsh Government response to this recommendation can be found in our report on page 49:

“However the strategic planning framework described in the 2016 report’s first three recommendations is highly unlikely to deliver the required progress and – worst still – would not meet the requirements for integrated and collaborative public services partnership arrangements prescribed by the Well-being of Future Generations Act.”

The 2015 Act requires more integrated and collaborative planning that cuts across the seven well-being goals, recognising interdependencies, as demonstrated in the Welsh Government’s *Prosperity for All* strategy. It is our contention that a stand-alone national ‘community safety strategy’ contradicts this more integrated and collaborative way of working and risks isolating community safety by reinforcing an outdated silo mentality.

We believe it is more important to embed our shared strategic vision for community safety in Wales – as detailed on page 2 of our report – and to support the local delivery of this vision by providing more effective guidance and leadership, including working more closely with non-devolved actors to mitigate the negative impacts of applying non-devolved crime and justice policy within an increasingly devolved landscape.

Whilst counter terrorism is not a devolved matter, successful implementation of CONTEST, the UK government’s counter terrorism strategy, requires close co-operation and co-ordination between the UK and the Welsh Government. CONTEST aims to reduce the risk to the UK and to UK interests overseas from terrorism, so that people can go about their lives freely and with confidence.

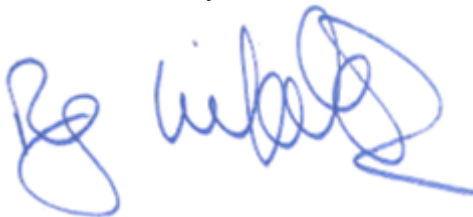
CONTEST is organised around four work streams: Prevent - to stop people becoming terrorists or supporting terrorism; Pursue - to stop terrorist attacks; Protect - to strengthen our protection against a terrorist attack; and Prepare - to mitigate the impact of a terrorist attack.

In Wales, we have well established structures for CONTEST and work closely with the Home Office at a UK and Wales level. Our CONTEST and Extremism Board Wales has been established to provide strategic leadership on CONTEST in Wales; it is co-chaired at a senior level by the Welsh Government and the Wales Extremism and Counter Terrorism Unit. The Board is supported by senior Home Office officials and its membership includes the chairs of the regional boards across Wales, and also, a wide range of key partners.

The Board considers the implementation of the Prevent Duty which was introduced under the Counter Terrorism Act 2015. The Duty requires a number of 'specified authorities', including devolved authorities, to have due regard to the need to prevent people from being drawn into terrorism. Advice, guidance and training has been made available to the authorities that are subject to the duty and these include health, local authorities and education. Support for people identified at risk of radicalisation is made then available on a voluntary basis through the Channel Programme. Of course, we recognise that it is not possible to eliminate the risk of terrorism completely. The Board has endorsed an ambitious programme of counter-terrorism training and exercising; this is intended to mitigate against the impacts of an terrorist incident should it occur in Wales. The Wales Board will continue to consider and counter any emerging risk and in so doing, help ensure the safety of citizens and communities in Wales.

In addition to providing a copy of the Safer Communities programme implementation plan and timescales, when available, I will be more than happy to provide an update on progress later this year.

Yours sincerely



REG KILPATRICK

Cyfarwyddwr Llywodraeth Leol /
Director for Local Government

Agenda Item 3



Llywodraeth Cymru
Welsh Government

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary

Mr N Ramsay
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

05 March 2018

Dear Mr Ramsay

Welsh Governments Initial Funding of the Circuit of Wales Project

Following my attendance with the Public Accounts Committee on 05 February 2018, the Committee asked the following questions:

- Whether the general issue about the size of the guarantee and that any solution would only be achievable if the Welsh Government guarantee were to be reduced by at least 50 per cent was communicated to the company prior to the Cabinet decision.
- Was the fact that the guarantee only started when the project was completed, known and communicated, whether in a written form or not, by the treasury official providing advice to officials providing the Cabinet advice on 20 June?
- Consider whether the notes of the wash up meeting held between the Welsh Government and the company which was held on 30 June, can be shared with the Committee.
- Confirm whether Welsh Government officials confirmed to the Circuit of Wales principals that there were no outstanding issues the Friday prior to the Cabinet decision.



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding

I have also agreed with the Cabinet Secretary for Finance and the Cabinet Secretary for Economy & Transport that I would copy Adam Price AM into this letter to respond to his questions that he raised in Plenary on the 7 February 2018 as they are closely linked to the above, these questions were:

- So, was the company told, in advance of the Cabinet's decision, about the assessment that the Permanent Secretary described in terms of the need to reduce the guarantee further?
- And, also, were they told on the preceding Friday, before the Cabinet decision, that there were no major problems?
- Specifically, again, can I ask the Cabinet Secretary if the official or officials in the Welsh Treasury that gave that classification advice on 20 June were aware, at that time that the guarantee only commenced when the project was completed?

Mr Adam Price AM has also asked a number of Welsh Assembly Questions based on the areas covered above, which have been answered through the normal WAQ process. The responses to these questions are included as Annex 1.

The responses to the Committee's follow up questions and those questions asked in Plenary by Mr Adam Price AM are given in Annex 2 to this letter.

Having reflected carefully on the transcript of the 5 February oral evidence session, I think it might be helpful to the Committee if I set out in this letter some further clarification and explanations that may help to allay some of the concerns expressed by members during that hearing.

While the classification issue, and the responsibility of the Welsh Government to manage risk prudently in what is a highly complex area, played a significant part in the assessment of whether to support the Circuit of Wales proposition, it was by no means the sole issue informing that assessment. Indeed, other issues of a more commercial nature gave cause for concern as detailed in the published due diligence reports on this project, such as job creation claims or the viability of the business model. Hence the Welsh Government's decision not to support this scheme did not come down to a narrow interpretation of accounting rules.

During the scrutiny session, the Permanent Secretary commented:

Ministers gave the project promoters a great deal of time and support to try and make this project work. There were a number of very different iterations of that project, which required different amounts of funding from the Welsh Government, which responded to concerns that were raised between 2011 and, in fact, last summer. So, we're talking about a period of more than six years of



considering this project. Why was that? Because we felt that there was a potentially huge opportunity—a major private sector investment in a part of Wales that's received very little private sector investment in recent years—therefore, the Welsh Government was prepared to put a great deal of time into trying to develop a successful project. We applied very comprehensive due diligence to the final proposal. A summary of some of that due diligence has been published.²⁷

It was assessed to be a very high-risk project with most of the risk, in fact, being borne by the Welsh Government. It was also assessed that the benefits of the project, in particular the estimate of jobs created by the initial circuit element of the proposal, were, at best, very uncertain. As Andrew has indicated, there was a very strong likelihood as well that the asset and the associated debt, which was around £370 million, would be classified to the Welsh Government.

The risks that would have fallen on Welsh Government were primarily financial in nature. In the event that at any time after completion of construction Circuit of Wales Ltd (CoW) had been unable to meet, in whole or in part, the cost of the finance provided by the key funder then Welsh Government would have been liable to meet that underpayment. Similarly there was a risk that CoW may have been unable to pay the fee payable to the Welsh Government for the provision of a guarantee. Any underpayment of this fee would also create an elevated risk of state aid challenge. This inability to pay the key funder or Welsh Government would most likely have been triggered by Circuit of Wales failing to generate the required income, or by the collapse into insolvency of the company.

Additional risk existed in a number of non financial aspects. In the initial award of the guarantee contract and the subsequent operations there was risk of state aid challenge, though the financial impact of a state aid penalty would fall on the company not on the Welsh Government. Another key risk was the potential failure of the project to deliver anticipated economic benefits for Wales. Within the operational phase of the circuit, any underperformance of the business could also impact on the direct and supply chain jobs and the wider tourism economy if spectator numbers fell short of expectations. It should be noted that the bulk of the jobs and economic impact were expected to arise from the automotive technology park which did not form part of this phase of the project.

When assessing the risks associated with the classification of any debt, the risk associated with that debt needs to be considered. Subordinated debt, or junior debt, represents the obligations that rank lower than all other loans and securities with respect to the claim on a firm's assets. If the borrower defaults, the creditors of subordinated debt will be compensated after all other debt holders are paid in full. Hence junior debt is a greater risk and, as such, commands a higher return.

The proposed Welsh Government support for the Circuit of Wales was junior to the other funding instruments apart from equity. The Manual of Government Debt and




Deficit (2016) (MGDD) (published by Eurostat) requires that riskier debt instruments (such as junior or subordinated debt) be risk adjusted. Whilst this risk provision is in the Public-Private Partnerships (PPP) chapter of MGDD, and whilst the Circuit of Wales was not a PPP, HM Treasury cautioned Welsh Government to consider this principle in the analysis. Bearing this advice in mind, the Welsh Government did not judge it prudent to assume that Eurostat would not apply the provision to non-PPP schemes. After adjusting Welsh Government support to take relative debt risk into account, the guarantee would have been more than 49% of total project costs, even if a liberal attitude were taken to total project costs as presented by the company. There was therefore a significant risk that the borrowing would score to Welsh Government budgets.

While the ONS sets out a formal process for its taking of classification decisions, there is no mandatory requirement to consult the ONS on such matters. Indeed, it is right and proper for officials to make their own assessments based on the relevant guidance. Formal advice on the Circuit of Wales would only have been sought from the ONS if relevant documentation was in a near-final form and a decision in principle to offer Government support had been made.

Welsh Treasury officials were responsible for developing the classification advice, which was formulated with input from the HM Treasury classification team. While the Welsh Government is not required to consult HM Treasury, due to the complexity of the proposal, and in acknowledgement of HM Treasury's greater expertise in the specific subject matter, numerous exchanges with HM Treasury officials took place. The advice from Welsh Treasury and external due diligence reports were utilised to develop the Cabinet paper, which was subject to a formal scrutiny and an advanced assurance and approval process prior to submission to Cabinet.

I hope this additional information provides you with assurance that the processes undertaken to consider the proposal for the Circuit of Wales were thorough and robust. I would like to reiterate that whilst there has been a level of focus on the balance sheet treatment of the debt, this was only part of the rationale for rejecting the request for funding for this complex project.

Yours,


Shan Morgan

Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government

Cc: Mr Adam Price AM



Annex 1

Relevant Welsh Assembly Questions Responses

WAQ75888

Adam Price (Carmarthen East and Dinefwr): Will the Welsh Government publish its notes of the meeting with the Heads of the Valleys Development Company on 30 June 2017, if the company is not opposed to this? WAQ75888 Tabled in Welsh

Ken Skates: My officials are currently discussing this with the company. The notes will be published if the company agrees.

WAQ75889

Adam Price (Carmarthen East and Dinefwr): Was the Welsh Treasury official who gave advice on 20 June 2017 on the balance sheet classification issue regarding the Circuit of Wales aware at that time that the Welsh Government guarantee did not cover any element of the project revenue? WAQ75889

Ken Skates: Welsh Treasury officials who advised on the balance sheet classification issue regarding the Circuit of Wales were aware at that time of the information relevant to that issue.

WAQ75890

Adam Price (Carmarthen East and Dinefwr): Was the Welsh Treasury official who gave advice on the balance sheet classification issue regarding the Circuit of Wales on 20 June 2017 aware that 100 per cent of the construction risk was held by the private sector at the time the advice was given? WAQ75890

Ken Skates: Welsh Treasury officials who provided advice on classification were aware of the relevant details of the proposal at the time of providing that advice. Whether the guarantee only commenced after the construction was complete would not have made a difference to the assessment of classification risk.

WAQ75891

Adam Price (Carmarthen East and Dinefwr): Did the Welsh Treasury official who provided advice on the balance sheet classification issue on the Circuit of Wales on the 20 June 2017 apply weightings to the financial risk based on the subordination and not the risk of exposure? WAQ75891

Ken Skates: Weighting was applied to the share of costs guaranteed by Welsh Government, given its subordinate nature in the capital structure and hence greater exposure to risk.

WAQ75892

Adam Price (Carmarthen East and Dinefwr): What was the reason for the removal of the developer's equity in the calculations of the balance sheet classification risk relating to the Circuit of Wales by the Welsh Treasury official who gave advice on 20 June 2017? WAQ75892

Ken Skates: Developers' equity was not removed in the calculations of the balance sheet classification risk.

WAQ75893

Adam Price (Carmarthen East and Dinefwr): Did Welsh Government share with UK Treasury the paper produced for it showing all the mitigating steps available to Circuit of Wales such as capex deferral, asset sales, operational cost reduction, refinancing, commercial renegotiation and lifecycle cost deferral that would preserve earnings to satisfy the loan exposed to the guarantee? WAQ75893

Ken Skates: Officials shared relevant information with UK Treasury on this matter. However, officials do not recognise the paper you refer to in your question.



Annex 2

Welsh Government Response to Questions from PAC and Adam Price

Question 1

Whether the general issue about the size of the guarantee and that any solution would only be achievable if the Welsh Government guarantee were to be reduced by at least 50 per cent was communicated to the company prior to the Cabinet decision.

Adam Price AM

So, was the company told, in advance of the Cabinet's decision, about the assessment that the Permanent Secretary described in terms of the need to reduce the guarantee further?

Welsh Government response

The Welsh Government did not arrive at a formal conclusion as to what level of guarantee would not give rise to a significant classification risk. Given the scale of investment and the commercial risk to which the Welsh Government would have been exposed in the proposed structure, a much smaller guarantee would have been needed to mitigate the risk of an adverse classification ruling – a reduction potentially of more than 50%. However, no definitive number could be established in the abstract.

Hence HOVDC was not made aware by the Welsh Government, prior to the Cabinet decision, that a reduction of at least 50% in the requested government guarantee would be needed. Furthermore, reducing the classification risk would not necessarily have made the project suitable for Welsh Government support. Classification risk is not the same as commercial risk. Mitigation of the classification risk by reducing significantly the level of the guarantee would have foreseen a project with a very different risk and reward profile than that which the Welsh Government was asked to consider.

Question 2

Was the fact that the guarantee only started when the project was completed, known and communicated, whether in a written form or not, by the treasury official providing advice to officials providing the Cabinet advice on 20 June?

Adam Price AM

Specifically, again, can I ask the Cabinet Secretary if the official or officials in the Welsh Treasury that gave that classification advice on 20 June were aware, at that time that the guarantee only commenced when the project was completed?

Welsh Government response

The Welsh Treasury officials who provided advice on classification to the ESNR officials drafting the paper for Cabinet were aware of the relevant details of the proposal when they provided the advice on 20 June. Whether or not the guarantee only commenced when the project was completed was not relevant as the key criterion in the assessment was the proportion of total costs covered by the guarantee, not the point at which the guarantee could be called. As such the timing of the guarantee would not have made a difference to the assessment of classification risk.

Question 3

Consider whether the notes of the wash up meeting held between the Welsh Government and the company which was held on 30 June, can be shared with the Committee.

Welsh Government response

A note of the meeting on the 30 June was produced by officials to be retained as part of Welsh Government's internal record on the project. In line with standard practice for internal documentation, the notes were not shared externally at the time. However the notes were circulated shortly after the meeting to Welsh Government officials in attendance and it was agreed that the note was a fair record of the meeting.

In light of the possible disclosure of the Welsh Government's internal note of the meeting, it has been shared with representatives from HOVDC in attendance. The original notes of the meeting approved by Welsh Government officials for internal use only are provided as Annex 3. The redactions are the identity of junior officials and the identity of the key funders for the project due to commercial sensitivity. The note has not been agreed with HOVDC.

Question 4

Confirm whether Welsh Government officials confirmed to the Circuit of Wales principals that there were no outstanding issues the Friday prior to the Cabinet decision.

Adam Price AM

And, also, were they told on the preceding Friday, before the Cabinet decision, that there were no major problems?

Welsh Government response

An informal meeting was held with HOVDC on Friday 23 June, as part of the programme of pre-arranged regular progress meetings. Officials did not confirm to HOVDC that there were no major problems or outstanding issues. However, officials did confirm that there was no additional information being sought from HOVDC prior to Cabinet considering their decision.



Annex 3

Notes of meeting with HOVDC to discuss Balance sheet issue re Circuit of Wales 30 June 2017

Attendees: Mick McGuire (MMcG) – Welsh Government
Andrew Jeffreys (AJ) - Welsh Government
[REDACTED] (XX) – Treasury, Welsh Government
[REDACTED] – Welsh Government
Richard Parry-Jones (RPJ) – HOVDC
Gheev Changizi (GC) – HOVDC
Martin Whittaker (MW) – HOVDC
Michael Carrick (MC) – HOVDC

1. AJ and XX introduced their roles within WG treasury.
2. MMcG stated that the primary reason of the meeting is to discuss issues arising from the likely classification of the Circuit of Wales (CoW) project. The discussions at the meeting are to be treated as confidential.
3. HOVDC stated that they were disappointed and disenchanted in the decision not to support the project. They had previously worked with Treasury on balance sheet treatment of similar projects. They had asked for the meeting to better understand the WG decision and to discuss if this can be taken forward. They also stated their disappointment in the lack of communication on the way forward.
4. WG – Economic activity is recorded and classified in the national accounts based on rules provided by Eurostat. The budgetary treatment flows from whether this activity is classified to the public or private sector. ONS would classify the company. Its debt would be classified to the public or private sector accordingly. WG have had concerns on whether the debt would be classified to the public sector for some time. AJ has been aware of the project for some time and of potential issues with classification since around spring 2016. AJ met with MC at that time, when classification was discussed. At that time the guarantee was bigger than the recent proposal. Classification was not therefore a new concern. MC acknowledged their earlier meeting and said he was confident then that it would not be classified on balance sheet and he remains bullish today.
5. MW – In July 16 there was a meeting where HOVDC talked about the balance sheet concerns and shared examples of projects underwritten by government where the debt was not on the balance sheet. HOVDC have always understood that the project costs for the CoW needed to be off the Welsh Government balance sheet. HOVDC still cannot see how the current proposal could be on the balance sheet. They need to understand what parts of the proposal in terms of contracts and the risks that means the debt will end up on the Welsh Government balance sheet. HOVDC needs to understand that if they have different views on this than WG what can be done to take the project forward.
6. WG – There has been no ONS decision at this time as they will only give a classification decision on an actual contractual proposition. This process could take

between two or three months. It would take longer if a decision were referred to Eurostat, which AJ thought was possible given the novel nature of the proposition, and its high public profile. AJ said that advice had been sought by Ministers on whether there was a risk that CoW would be classified to the public sector; and that advice had been given, i.e., that there is significant risk that CoW and its debt would be classified to the public sector and hence hit the Welsh Government budget.

7. WG confirmed that advice had been sought from UK Treasury, and that discussions around the relevant guidance had been taking place with the ONS and Eurostat for some time. The UK Treasury's view is that elements of the proposal did give rise to a risk that the debt will be classified to the public sector.
8. Eurostat has recently reissued the PPP guidance on classification as set out in the Manual on Government Deficit and Debt (MGDD, 2016). Guidance on other types of transactions is not as comprehensive, although Eurostat will now begin the work of revising other chapters in the MGDD. Advice has been received that the guidelines on PPP classification can to some extent be used as a benchmark for classifying other types of transaction – applying a relevant risk weighting to debt that is exposed to a higher level of risk being a case in point. Whilst the WG guarantee can be seen as technically less than 50% applying a risk weighting to reflect the junior nature of this debt in the capital structure would increase the percentage to over 50%.
9. Whilst the equity is the riskiest bit of the capital structure, the WG guaranteed tranche of £210m is riskier than the [REDACTED] and non-guaranteed [REDACTED] funding. As the guarantee is more junior to this latter funding, this will increase the risk weighting. It doesn't need to be weighted very heavily to get the risk-weighted percentage funding over the 50% limit.
10. Furthermore, there were concerns that, even without applying a risk weighting, the guarantee was over 50% of the project costs. The project costs appeared to double count certain elements of funding as the equity appeared to be sourced from the senior debt, rather than being additional. It was possible therefore that the ONS would discount certain things, possibly reducing the project costs to £373m, so £210m out of £373m is more than 50% (56%). Risk weighting would exacerbate this.
11. WG stated that the MGDD has different sections within it eg guarantees, PPP. Eurostat have updated the guidance on PPP, and whilst CoW is not a PPP some of the key principles can be applied to an assessment of the classification of its debt. It is believed that there is a significant risk that CoW could be classified to the public sector as public corporation.
12. HOVDC stated there was no governance or control by the WG, no risk of the delivery of construction. There are lots of examples out there which are not on balance sheet. They were astonished that the PPP guidance is being applied for something that is very different. There are lots of projects where this treatment does not apply. The key criteria is that it's less than 50%.



13. WG stated that a guarantee equating to less than 50% could mean, other things equal, that it would not be classified to the public sector as a public corporation. But this was not a question where the WG or the UK had discretion. The approach was rules based. Officials' role is to provide advice to Ministers on risk in the context of those rules. HOVDC could reduce the classification risk by reducing the amount being guaranteed or by increasing the ranking of the debt such as it was genuinely pari passu with the most senior debt, or a combination of the two.
14. RPJ – HOVDC have calculated the percentage as 49.8%
15. WG – The numbers aren't necessarily approached in this manner for reasons already cited. Equity is funded by the debt so it is arguably double counted – borrowing is recycled back into the funding package, so the equity element appears to give an inflated figure for the cost of the project. Need to focus on the capital cost of the project primarily. But even if the value of equity were included in the project cost, if the risk weighting of the guaranteed tranche still will make the total percentage greater than 50%.
16. The due diligence work on the project enabled WG to see the figures in some detail for the purposes of classification for the first time – a reliable assessment could not be made until the DD process was completed. The assessment made on the basis of these figures, for the reasons already cited, is that there is a significant risk that CoW would be classified to the public sector. However ONS is the ultimate arbiter of these decisions, and a formal decision cannot be taken unless the relevant documents are submitted to the ONS for assessment.
17. HOVDC stated their exposure to the funding and the return on the equity should not be discounted. The level of security is an issue.
18. WG stated the only element of the funding considered is the value of the guarantee and not the likelihood of it being called.
19. RPJ stated that if the guarantee is called then the repayment is over a long period of time.
20. WG stated the assessment is on what the guidelines state. No discounting process is required under the guidelines for the purposes of establishing the relevant percentage of government financing in the form of a guarantee.
21. HOVDC stated that the Ernst and Young report states that the process being discounted is key.
22. WG restated that discounting is not a factor for the classification assessment. This was more about the treatment of the debt covered by the guarantee in the national accounts.
23. RPJ said in the worse case scenario and the guarantee is called on the day after the construction is completed. Is the classification based on the DCF value or the nominal value?

24. WG stated it doesn't matter if the guarantee is called – ONS is only working out whether the debt is in the private or public sector. As the debt is repaid the debt on the Government's balance sheet would reduce.
25. HOVDC stated that this is an inflexible process. If the project is a success and the guarantee is not called or the guarantee is bought out are WG still saying that the guarantee would still be on the balance sheet?
26. WG – the UK government is very compliant with the Eurostat rules. The purpose of the rules is to make sure it is clear whether Government is liable for the debt or not. The classification is not a permanent arrangement – if there is a significant change in the capital structure then it would be possible to seek to change a classification decision. It was reiterated that ONS could only take a decision at a point in time on the contractual conditions agreed at that point in time – if contracts are varied then reclassification would be required. The ONS cannot make a decision based on outcomes that might or might not come about.
27. WG – our assessment is that there is a risk that CoW debt would go on the balance sheet with a real opportunity cost for WG.
28. HOVDC stated the guarantee does not contractually start for 27 months. So why do we need to worry about the classification now and why can't we wait until then?
29. WG stated that it is not as simple as that. The fact that WG was obliged to guarantee the debt associated with the company would still need to be considered now. The fact that the guarantee is a contingent liability in terms of its being called did not mean it was not also a contractual obligation which means it needs to be dealt with at the start. It is not up to WG how the debt is classified – ONS would need to make the decision.
30. HOVDC stated they need to sit down with their advisors to work this through. HOVDC are still on a different page on this and believe this is not consistent with how other projects are being classified.
31. WG disagreed with this comment.
32. HOVDC – what would the impact be if the guarantee is reduced to £100m and equity was significantly increased?
33. WG – WG would need to consider the impact on classification if such a proposition were made.
34. HOVDC stated that this process has taken 7 years but without a steer on this point. There have been massive costs and they don't understand why this opinion was not provided previously. HOVDC appreciated the additional insight to the decisions made – whilst they did not agree at least they understood the rationale. The issues identified need to be addressed and a way forward needs to be found. HOVDC asked for another meeting, face 2 face, to take this forward.



35. MMcG would discuss this request with the Minister and will come back once a decision has been made



Document is Restricted

Agenda Item 4

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

Document is Restricted

11 January 2018

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Informatics systems in NHS Wales



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

I have prepared and published this report in accordance with the Government of Wales Acts 1998 and 2006.

The Wales Audit Office study team comprised Mark Jeffs, Rachel Harries, Seth Newman, Emma Giles and Verity Winn under the direction of Matthew Mortlock.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary report

Summary

- 1 Informatics (**Box 1**) can help the NHS to deliver better outcomes for patients and to make more efficient and effective use of scarce financial and human resources. The importance of informatics to the future sustainability of NHS Wales has been recognised most recently by the Parliamentary Review of Health and Care in Wales¹ and the Health Foundation².

Box 1: about health informatics

Every day in the health sector, information is collected, managed, used and shared. Good patient care depends on this fast and accurate flow of information.

Health informatics is about getting this information to the right person at the right time. Information delivery is crucial to health professionals and patients for the delivery of care. It is also about using information to manage and improve services. For example, collating data on patterns of demand and activity to forecast trends or better organise service delivery.

Source: Wales Audit Office/Health Education England

- 2 International evidence shows that healthcare systems with high-quality informatics systems that feed into an electronic patient record ultimately achieve better outcomes for patients. There are significant risks in continuing to rely on handwritten paper records and referral notes that are not always readily accessible to clinicians. Comprehensive electronic prescribing systems can prevent patients being given drugs they are allergic to or which have adverse reactions with other medicines they are taking. Giving clinicians in secondary care access to patients' GP records can enable them to make better diagnoses and decisions about treatment and, again, helps to reduce adverse incidents.
- 3 Good informatics systems can also help make the NHS more efficient, reducing the amount of time clinicians spend on administrative tasks. Also, comprehensive data about patients' conditions and treatment is key to better understanding demand and planning for service improvement across the NHS.

1 Parliamentary Review of Health and Care in Wales, **Interim report**, July 2017

2 Health Foundation, **The Path To Sustainability, Funding projection for the NHS in Wales to 2019-20 and 2030-31**, October 2016

- 4 Rolling out and maintaining informatics systems across the NHS is inherently challenging. NHS Wales is a large complex system, spread across multiple organisations, with staff operating out of hospitals, GP practices and in the community. To provide a sense of scale: NHS Wales has some 90,000 individual users working off 60,000 devices. There are 7 million emails sent into and out of NHS Wales each month and a further 70 million internal emails. The Welsh Laboratory Information Management System (WLIMS), which manages test results such as blood tests, generates 2.4 million results each month.
- 5 The NHS in Wales has had a long-standing vision of delivering an electronic patient record. This vision was initially described in the 2003 **Informing Healthcare** strategy³. There has been some refinement of the vision since 2003. The new 2015 strategy for digital health and social care (the 2015 strategy)⁴ makes clear that the NHS in Wales is still working towards the goal of delivering a comprehensive electronic patient record. The vision does not involve the creation of a single digital system holding all of the information about a patient. Instead, the vision involves creating an electronic patient record by bringing together information that is held on multiple different systems. Clinicians and, where appropriate, patients, will be able to access the information through ‘patient record applications’ that are able to communicate with each other and the underpinning specialist applications and supporting services⁵.
- 6 **Box 2** and **Figure 1** show how the vision is intended work in practice. **Box 2** describes the four key patient record applications through which information can be accessed in primary, community and secondary care. **Figure 1** shows the four patient record applications and the underpinning applications and services that are intended to enable the creation of an overall patient record. There are impacts for almost all parts of NHS Wales, with changes to administrative and clinical systems that require new and better ways of working to diagnose and treat patients. The development of a community-care information system is also intended to enable changes to the way health and social care services work together.

3 Welsh Government, **Informing Healthcare**, December 2003

4 Welsh Government, **Informed Health and Care – A Digital Health and Social Care Strategy for Wales**, December 2015

5 Throughout the report we refer to the various national applications and services collectively as ‘systems’

Box 2: patient record applications through which information on multiple systems will be viewed

Welsh Clinical Portal (WCP)

When fully implemented the portal will display patient information from a number of computer systems and databases in use throughout Wales, allowing healthcare staff in hospitals to access a personalised workspace with their own patient lists, and allow them to order tests and view results. More features are being added to the portal over time with many hospitals now upgraded to include medicine transcribing, e-Discharge and access to the Welsh General Practice Record.

GP Practice Systems

There are currently two providers of GP practice systems across Wales. These systems give GPs access to their local records as well as to results from hospital tests and other information, such as discharge notes.

Communication between primary care and hospitals is facilitated through the Welsh GP Record. (WGPR). It provides a summary of important information taken from a patient's full GP medical record that will be accessible via the Welsh Clinical Portal. When fully implemented, the record will be able to be accessed by health professionals caring for a patient wherever the patient is in Wales. A patient will give consent for the healthcare professional to access their record every time it is needed, and every access to a WGPR is automatically monitored.

Welsh Community Care Information System (WCCIS)

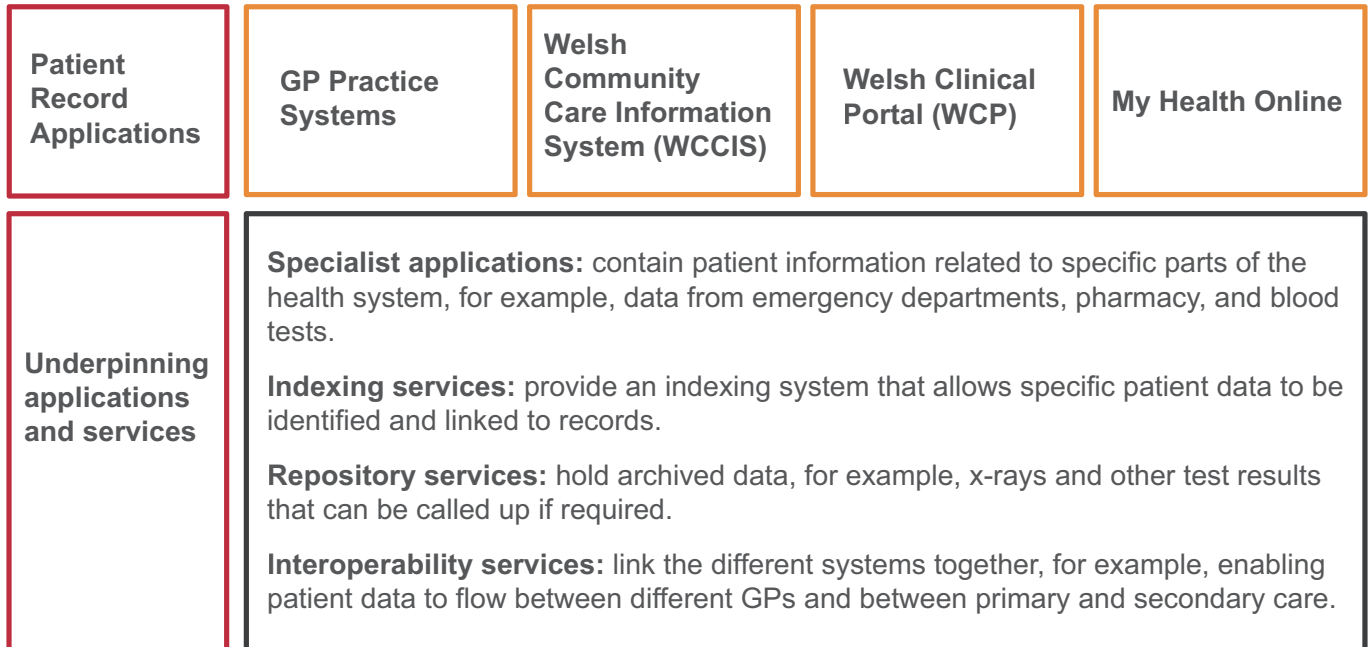
Will allow the sharing of vital information between health and social services in Wales through a single system. It will give frontline carers, therapists, mental health workers and community nurses the ability to co-ordinate patient cases through a shared electronic record of care with the aim of improving treatment. It removes the need for two databases held separately by health boards and local authorities. The extent to which WCCIS will act as a portal to other records is not yet clear and there are issues of what degree of access, for example, social care workers should have to patient's clinical records in primary and secondary care. The WCCIS programme has established an Information Governance Delivery Group and is working with the NHS Wales Information Governance Board and the Information Commissioner's Office on the sharing of information.

My Health Online

Currently, My Health Online provides GP patients with the ability to order prescriptions or repeat prescriptions and to book GP appointments online. However, the next phase of My Health Online is intended to give patients direct access to some of their GP records.

Source: Wales Audit Office

Figure 1: Key component parts of the electronic patient record



Note: this does not include the infrastructure provided by NWIS and NHS bodies and the corporate applications, such as Microsoft Office and Finance/HR systems that do not directly form part of the patient record.

Source: Wales Audit Office

7 The Welsh Government, NHS Wales Informatics Service (NWIS) and NHS bodies work together to deliver informatics systems for the NHS. The Welsh Government provides strategic direction, oversight and funding. Alongside other functions, NWIS develops and delivers specific national systems as well as certain aspects of the national ICT infrastructure, such as email and telephony services (Box 3). NHS bodies provide the hardware and infrastructure necessary to deliver services to staff and patients as well as some bespoke local systems. NHS bodies have a responsibility to support the development of new systems and to ensure that they are ready to receive and roll out national systems locally. They are also responsible for making the wider service and process changes that are needed to get the best out of new informatics systems.

Box 3: the NHS Wales Informatics Service (NWIS)

The Welsh Government established NWIS in 2010 to develop and support information and technology services for healthcare in Wales. NWIS is hosted by Velindre NHS Trust. NWIS brought together several organisations previously responsible for delivering the national information management and technology service in Wales. NWIS provides services across four main areas:

- **Software:** NWIS develops, supports and maintains application systems such as radiology (RadIS2), patient administration (Myrddin), cancer (CaNISC), and hospital pharmacy systems, the Welsh Clinical Portal, Individual Health Record and Child Health 2000.
- **Procurement:** NWIS procures national applications, systems and services on behalf of NHS Wales and supports their national deployment and hosting (for example, My Health Online and LIMS).
- **Information:** NWIS provides data warehousing and business intelligence services supported by the provision of national clinical classification, data standards and data quality standards.
- **Infrastructure:** NWIS provides 24-hour support for email and telephone, network communications, servers, databases, communication systems and access to the internet.

- 8 Several of our reports over recent years have identified problems with NHS informatics systems. For example, our reports on elective waiting times, follow-up outpatient appointments and maternity services have identified concerns about the main patient administration system (Myrddin). We identified concerns about e-prescribing in our 2016 report on medicines management⁶. Our local audit work during 2016 also picked up concerns about systems to support radiology services.
- 9 On behalf of the Auditor General, we reviewed the arrangements for delivering national informatics services. We focused on whether NHS Wales is well placed to achieve the intended benefits from investment in updated clinical informatics systems. For the purposes of this study, we include the Welsh Government's Department of Health and Social Services as part of NHS Wales. We focussed in particular on the arrangements within NWIS to deliver national systems. We looked at six specific systems in more detail as indicators of the wider approach to informatics (Box 4). This work included looking at health boards' engagement with the delivery of national systems.

6 Appendix 1 provides full references for these previous reports.

Box 4: informatics systems we looked at in depth

- Radiology systems (RADIS and the Picture Archiving Services – PACS)
- Laboratory system (Welsh Laboratory Information Management System – WLIMS)
- Myrddin – the main patient administration system
- Community systems – My Health Online (GP system for appointments and repeat prescriptions) and Choose Pharmacy

Appendix 2 provides more detail on these systems. Appendix 3 sets out all of the ‘live’ projects that NWIS is currently managing.

- 10 During the period of our review, the NHS Wales Internal Audit Services carried out a review of aspects of NWIS’s, governance and delivery. Where appropriate, we draw on the findings of that work to inform our conclusions. We are also aware that the Parliamentary Review of Health and Social Care is likely to make recommendations on the future of informatics in NHS Wales.
- 11 **Overall, we found that although the vision for an electronic patient record is clear and key elements are being put in place, there have been significant delays in delivery. While there have been some important developments during the period of our review, there are still some key weaknesses in arrangements to support and oversee delivery and to ensure the systems deliver the intended benefits. The NHS has recently identified that significant additional funding will be required to deliver the vision, but further work is required on the detailed plans and to confirm the funding arrangements.**

Strategy: The high-level vision for NHS informatics is clear but, despite some recent developments, there remains a need for greater direction on ‘Once for Wales’, priorities and addressing known barriers to progress

- 12 The overall vision for an electronic patient record made up from multiple component parts is clear and was based on a sound rationale. NHS Wales learnt lessons from problems in England, which had sought to develop a system containing all of a patient’s data on one single system. Nonetheless, in the decade or so since NHS Wales first adopted its approach, the global informatics market has changed significantly. There has been a growth in open source technology, which is available to use and develop for free, and also greater joint working between different providers of applications to ensure they can communicate with each other. It is therefore important that NHS Wales keeps its vision under review in light of changes in the market.
- 13 The Welsh Government’s 2015 Strategy and underpinning implementation planning work have added a degree of clarity on costs and timescales for delivering the vision. However, in our view there remain some key gaps. In particular, we found that:
- the NHS has not been clear on the strategic priorities for informatics, adding more priorities while taking none away, although there have been recent developments to improve priority setting;
 - there have been disagreements between some NHS bodies and NWIS about what the strategy of developing or procuring systems ‘Once for Wales’ means, although the NHS is now making progress in clarifying this issue⁷;
 - there is not yet an agreed and fully funded plan for delivering the vision; and
 - many of the barriers to progress have been identified in previous reviews of informatics.
- 14 The NHS is taking steps to address many of the gaps through four new work-streams that have been set up to take forwards the delivery of the 2015 Strategy. The four work-streams should lead to clearer priorities and more effective delivery if they meet their objectives. It is too early to assess, at this stage, the likelihood that they will achieve the intended impact.

⁷ The key issues revolve around whether Once for Wales means NHS bodies must have the same national system in all places or different systems that are interoperable – capable of communicating with each other – through adopting common standards across NHS Wales. Paragraphs 1.7 to 1.15 set out the issues in more detail.

Leadership: Despite some positive progress, there remains scope to strengthen leadership of informatics across the NHS

- 15 There has been a strengthening of leadership at a national level in particular. Following a review in 2013, the NHS set up the NHS Wales Informatics Board (NIMB), which provides high-profile leadership and is currently chaired by the Chief Executive of NHS Wales having previously been chaired by the Minister for Health and Social Services. There have also been positive steps to establish national clinical leadership of informatics, through the Welsh Clinical Informatics Council (WCIC), which is supported by NWIS. However, we found that both forums could operate more effectively: NIMB by taking tough collective decisions on priorities for delivery, although recent changes to NIMB are intended to support clearer prioritisation; and WCIC by focusing less on detailed technical issues related to system changes.
- 16 Locally, there is considerable scope to strengthen leadership. NHS Wales lags the private sector in having informatics and ICT expertise represented at Board level. There is also a need to develop local clinical leadership of informatics. Clinicians struggle to find the time away from the day job to support and lead local delivery, which is hampering the design, testing and delivery of systems across Wales. The Wachter⁸ review of informatics in NHS England identified similar issues and called for the development of a cadre of ‘clinician-informaticists’ with knowledge of both clinical and IT issues to lead the development and delivery of change.

Governance and oversight: There are significant weaknesses in NWIS’ governance arrangements including a lack of independent scrutiny and unbalanced reporting of progress

- 17 We consider that the arrangements in place to oversee NWIS are, despite some improvements, weak. NWIS has an ambiguous formal status. It is hosted by Velindre NHS Trust. Velindre NHS Trust is accountable for aspects of NWIS’ governance, such as finances and complying with standing orders, but not for its strategy and performance. In those key areas, NWIS is accountable to the Welsh Government. In our view, these arrangements are unsatisfactory and there is a need to clarify and strengthen lines of accountability between NWIS and the Chief Executive of NHS Wales and the Cabinet Secretary for Health, Well-being and Sport.

8 Report of the National Advisory Group on Health Information Technology in England, **Making IT work: harnessing the power of health information technology to improve care in England**, September 2016. Professor Robert Wachter chaired the National Advisory Group.

- 18 We also found that the reporting of NWIS' progress and performance to the Welsh Government and the public has tended to be partial and overly positive. Examples include selectively reporting information on performance and progress without context and key caveats. We note that there have been some recent improvements to reporting to the NIMB. Nevertheless, we consider that NWIS would benefit from having greater independent challenge and scrutiny and putting more of its internal decision making and progress reporting in the public domain.

Finances: The Welsh Government needs to decide whether and how to provide significant extra funding needed to deliver the vision and work with the NHS to strengthen collective financial planning for informatics

- 19 We estimate that the NHS spends less than 2% of its funding on ICT. That is significantly below the figure of 4% recommended many years ago by Sir Derek Wanless. In 2016, for the first time, NHS Wales has set out indicative costs and timescales of delivering its strategy. The cost over five years is tentatively estimated at £484 million on top of existing budgets. In our view the cost estimates could be optimistic and further work is needed to confirm them.
- 20 The Welsh Government now faces some tough choices in deciding whether and how it can afford the additional costs. Health boards also face a challenge to prioritise funding for informatics. Historically, they have not clearly prioritised this area, with most health boards cutting their spending on ICT in real terms between 2010-11 and 2013-14. In our view, it is important that the Welsh Government and NHS bodies make these financial choices giving due regard to value for money but relatively swiftly in order to enable the NHS to plan effectively for the actions necessary to deliver the new and updated systems in the time period.
- 21 The move to integrated three-year planning across the NHS offers the potential for a more coherent approach to financial planning for informatics. There are some practical challenges in aligning the timing of plans, so that NWIS and NHS bodies can have clear and consistent plans for funding informatics. Also, there is scope for the Welsh Government to provide greater certainty on future spending plans for informatics, over at least a three-year period.

Programme management: Many of the building blocks of the electronic patient record have been, or are being, rolled out but there remains a way to go until it is fully in place and NWIS lacks a clear method for prioritising its work

- 22 NWIS' programme contains the building blocks of the electronic patient record, many of which are being rolled out or are expected to be rolled out over the next five years if the funding is made available. Since the vision of an electronic patient record was first developed in 2003, there has been progress in putting in place electronic systems for GPs. Several national systems are now well advanced in the rollout process, including the national laboratory system and a national radiology system. The Wales Clinical Portal, which will enable hospital staff to access GP records and other data, is partly in place. There are also a wide range of supporting services and infrastructure that are either in place or partially in place, to support the ultimate delivery of an electronic patient record⁹. Nonetheless, there remain some significant gaps where paper records are still used and many informatics systems across the NHS still do not communicate with each other or the national systems.
- 23 Around 10% of NWIS' resources are used for new 'projects' with the rest dedicated to maintaining existing national systems and its other core functions (Box 3). As of May 2017, NWIS has 30 live projects in its programme (Appendix 3). NWIS does not have a clear strategic approach to prioritising which new systems to include in its programme or for prioritising resources to those already in the programme. In part, NWIS' plans reflect the priorities identified by NHS bodies in their three-year planning process. In practice, with limited capacity, NWIS prioritises its resources on the basis of operational needs and towards progressing projects and tasks in order to avoid delays in other areas.

9 Examples include the Wales Clinical Communication Gateway, which enables information to be sent between primary and secondary care and the National Intelligent Integrated Audit Solution which tracks exactly who is accessing patient data.

Project management: for various reasons, many national systems have been significantly delayed which causes widespread frustration

24 For a variety of reasons, many of the national systems are significantly delayed and probably cost more than expected. The exact scale and cost of the delay are difficult to quantify. Of the 30 projects that NWIS is currently rolling out, just seven are on target for timing milestones. Some of the seven are showing as on track against revised timescales, but are significantly delayed against the original timeframes. We are aware that some projects have been delayed by many years. There is also some frustration that some projects, such as electronic prescribing, have not yet reached the stage of being reported on because there is not an approved business case, despite the idea being discussed for almost a decade. The reason for the delays include:

- the lack of prioritisation at a national and local level meaning NWIS stretches its resources across too many projects.
- staff capacity issues, with NWIS carrying vacancies. While it has a lot of initiatives to attract new recruits, restrictions of national pay levels and high demand for developer skills in the private sector can make it difficult to recruit and retain senior software developers and business analyst staff to work with NHS bodies.
- difficulties within the NHS bodies themselves, including ICT infrastructure that needs upgrading to take national systems or underlying technical issues within NHS bodies' own systems.
- difficulties engaging and getting a clear direction from clinicians to develop and test systems and upgrades, which results in delays and also can cause rework where the systems developed do not match what the end-users expect.

Benefits management: There are concerns about the quality of some key national systems and a lack of monitoring data means it is unclear whether they are delivering the intended benefits

- 25 We found that there are some concerns about the quality and functionality of many of the national systems and that a lack of monitoring means it is unclear whether the intended benefits are being achieved. Health board staff expressed some concern about the functionality of all of the systems we looked at, with some deeply frustrated that they were not meeting their needs. There are particular concerns that the systems are not providing the important management information that is needed to plan services. NWIS runs Change Advisory Boards for most of its systems, with a view to involving NHS staff in improving systems, but we think these are too bureaucratic and not generally operating as effectively as they should. One health board had found that where NHS staff are not having their needs met by the national systems, they are developing workarounds, such as having their own personal databases, which present information security and governance risks.
- 26 For each of the six systems we looked at, we found that the intended benefits were clearly set out in the business case. However, it is not clear who is responsible for delivering and monitoring the benefits, with NWIS and NHS bodies both telling us that the responsibility lay with the other. A lack of monitoring meant that we found it difficult to track the intended benefits from the beginning of a project through to delivery. Where there is reporting on benefits, this tends to be partial and geared towards telling a positive story, rather than objectively reporting progress against the original intended benefits. The notable exception was the Choose Pharmacy project, which has been subject to a detailed review of actual and potential benefits.

Recommendations

- 27 We are aware that work is ongoing, to review aspects of the approach towards achieving the goal of an electronic patient record, including 'Once for Wales', the governance of NWIS and the level of funding for informatics. The recommendations below are intended to help support the NHS in Wales in reviewing its approach and, ultimately, reaching the goals set out in the 2015 strategy.
- 28 We make some specific recommendations based on the current vision of incremental development of new systems and a national infrastructure delivered by NWIS. We recognise that any changes to those arrangements may make these recommendations less relevant in some cases.

Recommendations

Strategy

- R1 The vision for informatics of incrementally creating an electronic patient record is clear and had a clear rationale when it was first set following the 2003 strategy. However, the informatics market and community have moved on significantly since then. **The Welsh Government, working with NWIS and NHS bodies, should review the informatics market to test whether it offers new opportunities to achieve the aims of the Strategy.**
- R2 NHS Wales has set up a task and finish group to seek to clarify the meaning of the 'Once for Wales' approach to developing and rolling out informatics systems. **The Welsh Government, working with NWIS and NHS bodies, should:**
- a **clearly define the balance and respective responsibilities between national systems led by NWIS and locally led systems;**
 - b **ensure that national and local implementation plans are updated to reflect any implications for the funding, development and roll-out of informatics systems of the clarified approach to Once for Wales; and**
 - c **prioritise the development of a set of common standards to ensure that systems procured or developed locally are compatible with other local systems and the national systems.**
- R3 We found that the NHS has not set clear priorities for informatics. **The Welsh Government, NWIS and NHS bodies should agree a clear and achievable set of priorities for national informatics and resist adding new priorities without either deprioritising something else or adding new resources.**
- R4 Many of the issues and concerns about barriers to progress that we found during our fieldwork have long been recognised. **The Welsh Government, NHS bodies and NWIS should produce an open and honest assessment of what has worked and what has not so far and produce a clear and jointly owned plan for overcoming the known barriers to progress. These documents should be in the public domain so that NHS staff can see that their concerns have been recognised and are being addressed.**

Recommendations

Leadership

- R5 We found that there is considerable scope to strengthen national and local leadership on informatics across the NHS. **The Welsh Government should:**
- a **work with NHS bodies to develop options for strengthening representation of informatics at board level, including reviewing the merits of a board level Chief Clinical Information Officer (or equivalent) role;**
 - b **work with NHS bodies to develop a clear action plan for the development of a cadre of senior clinician-informatics staff, in line with the recommendations of the Wachter review in England; and**
 - c **identify opportunities to strengthen the informatics voice at the most senior level in the Department for Health and Social Services, including reviewing whether and if so, how to strengthen the roles of the NHS Wales Chief Information Officer and Chief Clinical Informatics Officer in NHS Wales' strategic decision-making process.**

Governance

- R6 We found that the governance arrangements for overseeing and challenging NWIS are weak. **While the Welsh Government has written to Velindre NHS Trust requiring it to strengthen governance arrangements for NWIS, we consider that the Welsh Government should carry out a wider appraisal of options to strengthen governance and oversight of NWIS. The final arrangements should ensure that:**
- a **there is independent scrutiny of performance and progress;**
 - b **there is greater transparency, with papers and minutes of discussions placed in the public domain; and**
 - c **there are clear lines of accountability between NWIS and the Chief Executive of NHS Wales and the Cabinet Secretary.**
- R7 We found that the progress reports that NWIS produces for the Welsh Government and the public do not provide a complete or balanced picture. **The Welsh Government should work with NWIS to improve the reporting of performance to tell a more balanced story of what is going well, where there are difficulties and why. Performance reporting should include information about progress against initial project plans, user satisfaction and concerns with existing national services as well as those new systems being rolled out.**

Recommendations

Finances

- R8 The Welsh Government needs to decide whether and how to provide the additional funding that NHS bodies and NWIS have estimated is required to deliver the vision for an electronic patient record. **The Welsh Government should carry out a full cost-benefit analysis of the proposed investment, including the extent to which financial savings from new systems may enable funding to be redirected from existing services to invest in new informatics systems.**
- R9 Despite some recent progress, there remains scope for better integration of medium-term financial planning of informatics across the NHS. **The Welsh Government, working with NHS bodies and NWIS, should set out clear and agreed medium-term funding plans for local and national ICT programmes. This should involve NHS bodies and NWIS working together before NHS bodies complete the first draft of their rolling three-year plans. It should also take account of any future decision on funding required to deliver the strategy.**

Project management

- R10 NWIS is increasingly using the Agile approach to software development. There are potential benefits to this approach in terms of timeliness and quality, but the approach relies on deep engagement with clinicians and other end users, which has often been difficult to secure. **NWIS and NHS bodies should work together to:**
- a **strengthen the relationship between developers and clinicians, particularly in designing and testing new systems and functions, so that there is a better collective understanding of what is wanted and what is possible; and**
 - b **engage with managers to identify their information needs as well as the needs of clinicians.**
- R11 NWIS is developing but does not yet have a full workforce plan, and reports that it struggles to recruit and retain senior developer staff due to competition from the private sector **The Welsh Government, NWIS and NHS bodies should work together to explore options to secure the experienced ICT staff and developers that NWIS needs within the context of a comprehensive workforce plan for NWIS and taking account of the ICT staff available to NHS bodies.**

Recommendations

Benefits management

R12 We found that there is a lack of clarity as to responsibility for delivering the intended benefits of national informatics systems and a lack of monitoring. **The Welsh Government, NHS bodies and NWIS should work together to ensure that:**

- a **there is a clear allocation of responsibility for achieving the benefits; and**
- b **there are clear responsibilities and processes in place for monitoring and reporting progress in delivering those benefits.**

R13 We found that many staff in the NHS are frustrated with some of the functionality and quality of national informatics systems. NWIS has a process for updating national systems, but there are concerns about the slow pace and lack of feedback and the Change Advisory Boards themselves could function more effectively. **NWIS should review its process for managing change requests and where necessary make changes to:**

- a **provide clearer feedback to the service about how their requests have been dealt with and whether and when any changes can be expected;**
- b **remain open to minor changes that could have a significant impact in improving end users' use and perception of the systems; and**
- c **provide clearer agendas and work programmes for the Change Advisory Boards to make them more focussed on enabling impactful improvements to systems.**

Part 1

The NHS has a clear vision for an electronic patient record but there are some key weaknesses in the arrangements to support and oversee delivery

1.1 This part of the report looks at the strategic direction for NHS informatics and the arrangements put in place to support and oversee delivery of that strategy.

Key issues we looked at

Issue	What good looks like
Strategy	A clear vision of what the strategy is aiming to achieve and how available resources will be prioritised to move from the current state to the desired position.
Leadership	High-profile and visible championing of the strategy across the whole system.
Governance and oversight	Clear systems in place to scrutinise and challenge delivery, including transparent reporting of progress and independent review.
Finances	A clear understanding of the costs of achieving the strategy and a plan for how those costs will be met over the period covered by the strategy.

The high-level vision for NHS informatics is clear but, despite some recent developments, there remains a need for greater direction on ‘Once for Wales’, priorities and addressing known barriers to progress

The NHS has set out a clear vision in ‘Informed Health and Care’ for an incremental approach to developing an electronic patient record using portals

1.2 In 2003, the Welsh Government published its **Informing Healthcare** strategy (the 2003 strategy) setting out its vision to transform healthcare through information technology. The 2003 strategy explained that in many cases, fragments of information were held by many professionals in many settings but none had access to the whole record, while patients rarely had access even to the fragments. The 2003 strategy concluded that this was having a damaging impact on patient outcomes as well as hampering the achievement of integrated health and social care. The 2003 strategy made it clear that a ‘single record’ was designed to overcome these problems of fragmentation although it did not specify what form the single record would take.

- 1.3 In December 2015, the Welsh Government published **Informed Health and Care: A Digital Health and Social Care Strategy for Wales** (the 2015 strategy). The 2015 strategy restated the commitment to the vision developed through the 2003 strategy. It recognised that the NHS had not yet achieved the ambition of creating a single patient record, and outlined the intention to build on existing work to continue to pursue this overall vision.
- 1.4 The 2015 strategy highlighted that in Wales, the adoption of new technology has been incremental and has aimed at being consensual. The NHS in Wales has sought to learn lessons from England, where there had been problems involved in developing a single integrated record held on one system¹⁰. The vision for Wales was different. Rather than a single system, information would be held on multiple systems, for example, systems for x-rays or blood tests, which could be accessed and brought together through ‘portals’ which clinicians can access anywhere, any time. GPs can access information through their systems, clinicians in hospitals will be able to access the information through the Welsh Clinical Portal. The extent to which the joint social care and community care system will act as a portal to enable access to all of a patient’s information is not yet clear.
- 1.5 We consider that the overall vision of a single record, made up of multiple parts which clinicians and potentially patients can access, is clear. In our survey, Assistant Directors of Informatics overwhelmingly agreed with the statement that the Welsh Government had set a clear and consistent direction for clinical ICT systems across Wales. We also think that the vision of a cautious approach was based on a sound rationale. The healthcare informatics market was less mature at the time and there were multiple examples of new systems that were not working as intended. In particular, the NHS in Wales was right to learn lessons from approaches elsewhere, notably England’s approach to a single system that held all of a patient’s information.
- 1.6 Nonetheless, it is important that NHS Wales remains open to updating the vision in light of progress and changes in the informatics market. It has been more than a decade since NHS Wales adopted its vision. In that time, the global informatics market has changed significantly. In the USA, in particular, there has been rapid progress in rolling out electronic health records, albeit in a very different healthcare system. More generally, there has been a growth in open source technology, which is available to use and develop for free, and also greater joint working between different providers of applications to ensure they can communicate with each other.

¹⁰ See for example, National Audit Office, **The National Programme for IT in the NHS: an update on the delivery of detailed care records systems**, May 2011

The NHS is now making progress in clarifying what 'Once for Wales' means but still needs to agree what some of the key details mean in practice

- 1.7 The 2015 strategy uses the concept of 'Once for Wales' as a way of bringing together and deploying local and national resources. The importance of the Once for Wales concept has been emphasised by Ministers with responsibility for NHS Wales. The 2015 strategy states that a Once for Wales approach 'will create a solid platform for common standards and interoperability between systems and access to structured, electronic records in all care settings to join up and co-ordinate care for service users, patients and carers'. The strategy notes the Welsh Government's intention to 'build a more 'open' technical platform to allow greater flexibility in the development of new applications based on clear national standards, system interoperability and maintaining the partnership approach which has been a driving feature of our success so far'.
- 1.8 While there is general support for the principle of Once for Wales, there is disagreement within the NHS about what it means in practice. The description of Once for Wales and interoperability in the 2015 strategy are ambiguous and there are competing interpretations across the NHS. On the one hand, there is a view that Once for Wales means that all organisations must accept national systems developed or procured by NWIS. However, there is also a view that the emphasis on interoperability means individual organisations can develop or procure their own systems, provided they are compatible with national systems and those in other organisations.
- 1.9 There are valid arguments on both sides. For example, NWIS argues that having one system in all health boards is the better approach as interoperability is inherently more complicated and expensive to achieve, and becomes more so over time as systems diverge. There are potential cost savings from purchasing a system once for the whole NHS, rather than individual procurement at each NHS body. NWIS also argues that having one system is clinically safer as all clinicians will be familiar with it. In particular, it highlights that many clinicians, especially locums, will work in different hospitals and that having to be familiar with different systems introduces complexity and risk.

- 1.10 Others point to the greater flexibility, local ownership and faster pace that can be achieved by having different but compatible systems. They also point to changes in the market for digital healthcare systems, where suppliers are increasingly working in an open way and sharing their code in order to enable systems to communicate with each other. There are also concerns that the Once for Wales approach restricts NWIS and NHS bodies' flexibility and ability to utilise the latest technology. Several health board staff and board members were concerned that the pace of technological change compared to the pace of delivery of all-Wales systems, meant that NHS Wales was committed to a programme of work that was becoming increasingly out of date.
- 1.11 The debate over local autonomy versus central direction is not unique to Wales. In England, the Wachter review concluded that the NHS should learn, but not overlearn, the lessons of the previous centralised approach. It found that there are some circumstances where centralisation can be beneficial, such as efforts to improve the usability of systems, developing business cases, contracting and guaranteeing interoperability.
- 1.12 In mid-2017, NHS Wales set up a task and finish group in order to agree and communicate a clear definition of Once for Wales. The group will also agree which systems will be part of the core national system that organisations will be obliged to adopt, and will initiate work to establish a set of common standards to enable integration and interoperability. The task and finish group has agreed a broad definition of what Once for Wales means for patients, clinicians and service development, which has been approved by the NIMB. The group defined Once for Wales as 'being about all parties involved in health and care in Wales working collaboratively to add value and deliver the strategy of a single electronic patient record, ensuring that information is entered once and is made available to all those who need it, at the time and place they need it'.
- 1.13 The task and finish group recognises that further work is required to agree exactly which applications should be delivered on a national basis and also to define common standards. Also, further work is required to set out criteria for deciding which future systems should be developed or procured Once for Wales. The group agreed that there are benefits from having a single system in place across Wales, especially for those that work across organisational boundaries. However, it notes that other factors such as the pace of delivery, useful lifespan of the systems and pricing also need to be considered. As such, the tension between local versus national systems is not fully resolved but there is now a clearer framework for the debate.

- 1.14 Going forwards, it is important that the agreed position on Once for Wales is translated through into the strategic direction and detailed planning of system delivery, finances and staffing capacity. It is possible that decisions on Once for Wales will have an impact on the role and future resourcing of NWIS, especially if these decisions involve a shift away from a national approach to applications.
- 1.15 A more flexible approach will also require a rapid acceleration of efforts to set common standards across NHS bodies (Box 5). Despite the emphasis on interoperability for over a decade, at present, there are not common standards to ensure that the systems NHS bodies develop or procure are able to communicate with the other key systems, especially the national systems. In line with the recommendations of the task and finish group, the Welsh Government intends to set up a national board to take forwards work on developing common standards to enable the development of the electronic patient record.

Box 5: how common standards enable systems to be interoperable

In order for different informatics systems to be able to communicate with each other, there needs to be a common set of standards in place. Standards enable two important types of interoperability:

Technical interoperability – is the process of moving data between two systems. It is not dependent on the type of the information being moved or the distance between systems; it is concerned with the reliable delivery of information between systems.

Semantic interoperability – is the process of ensuring that one system can understand the information received from another. It must ensure that information can be used and interpreted without ambiguity. Critical to this is the need for aligning both data models as well as terminology.

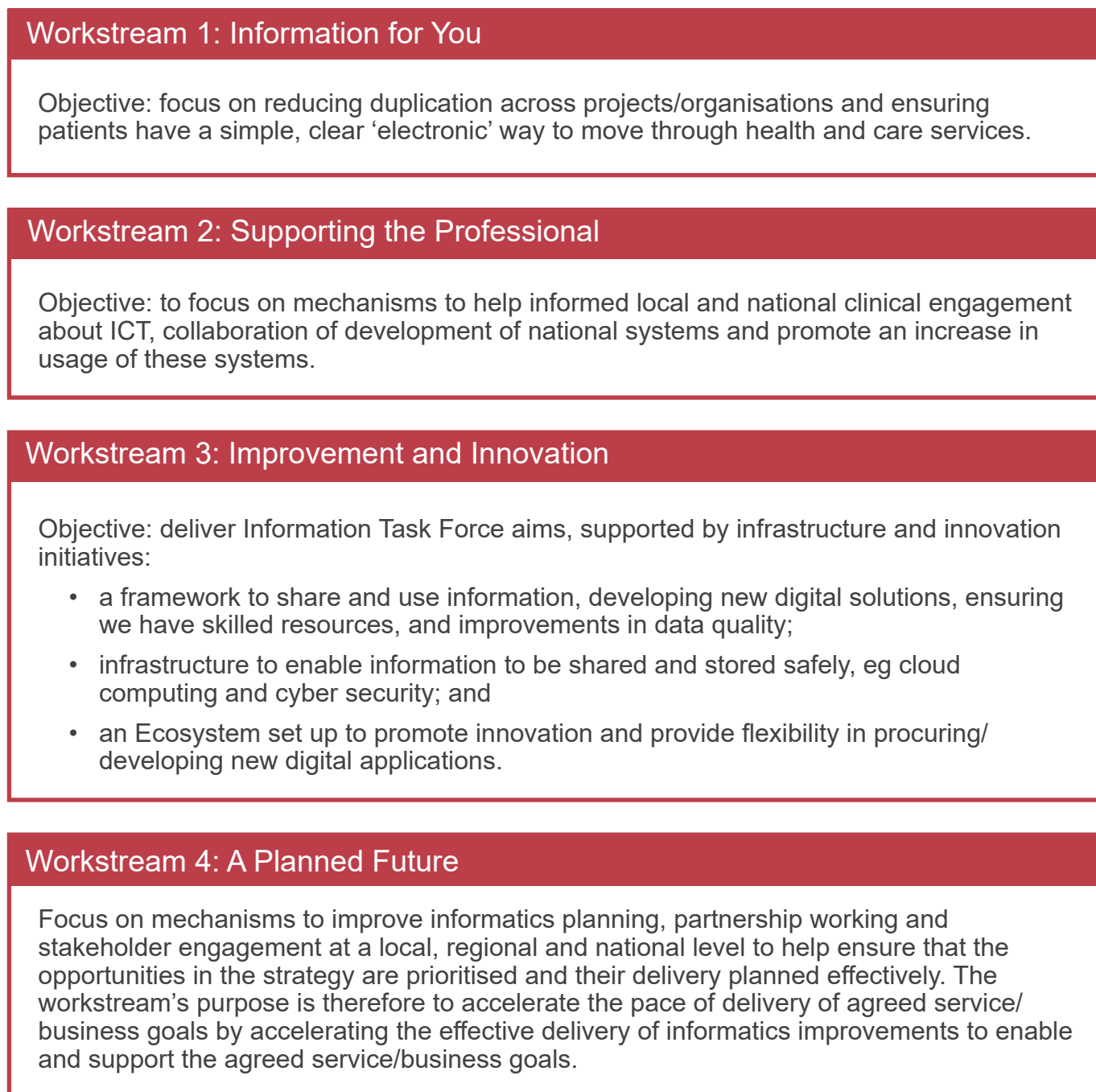
The NHS is starting to fill in some gaps in the 2015 strategy but there remains a need for clearer strategic direction on applying lessons learned from past problems and priorities

- 1.16 The development of the 2015 strategy was informed by a Welsh Government stocktake of the Informing Healthcare Programme. The stocktake identified that it would take around four to five years to deliver the plans for an electronic health record and also identified a number of weaknesses that needed to be addressed.
- 1.17 In developing the 2015 strategy, the Welsh Government also engaged extensively across the NHS. Welsh Government officials gathered views from Chief Executives, Executive Leads and Assistant Directors of Informatics about progress to date and the key issues going forwards. Collectively, the stocktake and the combined views of senior executives across the NHS provided an insight into the problems that were hampering progress and a relatively clear picture of what needed to be done going forwards. Some of the key messages were as follows:
 - a there was support for the national approach but there were tensions over what needed to be delivered nationally and retaining the scope for local innovation;
 - b frustration with the pace of delivery;
 - c NWIS had over promised and under delivered; their resources were limited so they needed clear priorities to focus on delivering fewer things more quickly and be more transparent in their reporting of timescales and delivery plans;
 - d a loss of clear focus on the single patient record;
 - e no flexibility to make minor changes that would make clinicians' work easier; and
 - f concern about the lack of clarity regarding decision making about national systems, leading to the risk that those who shout loudest had a disproportionate influence.

- 1.18 However, the final 2015 strategy does not itself reflect on the barriers identified by NHS Executives or the issues identified by the stocktake and does not set out how the NHS can address them. There are also some key gaps in the strategy, notably around priorities, timescales and resources. As part of the process of developing the strategy, many senior NHS executives identified that NWIS had too many priorities which it was struggling to deliver. However, rather than clearly prioritise already stretched resources, the strategy added new priorities without taking any away.
- 1.19 Other than short-term commitments on a small number of areas, the strategy does not set out a timetable for delivery in any detail. The strategy notes that it is not a delivery plan, but greater clarity on timescales was one of the intended benefits of the refreshed strategy. While the comments from NHS executives highlighted the resource constraints that NWIS was under, there was no detailed financial analysis underpinning the strategy and it does not refer to finances.
- 1.20 The NHS is now moving towards greater clarity on some of these areas through more detailed implementation planning. Each NHS body has produced a Strategic Outline Plan, showing what further work is required to deliver the vision of an electronic patient record locally. In summer 2016, the NHS produced an implementation report which aggregated the local plans alongside NWIS' plans for national systems that support the local plans.
- 1.21 The implementation report provides some information on finances and timescales ([paragraph 1.49](#)), setting out indicative costs of delivery over five years. The cost estimates are not fully finalised as the Welsh Government has not committed to providing the necessary funding and further work to refine the plan is ongoing. This ongoing work will inform the production of a new NHS Wales national plan for informatics, covering 2018 to 2021.
- 1.22 While the implementation report was a step forward, it did not address the issues that have hindered progress to date. While there appears to have been some prioritisation, there is no supporting information about how and why some actions have been prioritised over others, so it is not clear whether the plan is based on operational practicalities or a more strategic approach. In our view, there is not yet a sufficiently clear direction on getting from the current position to the desired end goal.

1.23 Over recent months, the NHS has set up four delivery work-streams based around the themes set out in the 2015 Strategy (Figure 2). The four work-streams have developed draft roadmaps and should lead to clearer priorities and more effective delivery if they meet their objectives. It is too early to assess, at this stage, the likelihood that they will achieve the intended impact. In our view, in addition to detailed plans and roadmaps, there needs to be a full, open and transparent recognition of the lessons to be learnt as regards barriers to progress and a clear and agreed plan for overcoming them. Many of the issues known to have impeded progress in the past were still being reported to us as part of our review.

Figure 2: Work-streams taking forwards the delivery of the 2015 Strategy



Note: the Information Task Force referred to under work-stream 3 was set up to develop guidance on making better use of health and care data. In October 2017 it issued a Statement of Intent 'Better use of health and care data for safe, effective care and efficient services'.

Source: National Informatics Management Board papers

Despite some positive progress, there remains scope to strengthen leadership of informatics across the NHS

The National Informatics Management Board is enabling stronger collective leadership but there is scope for it to become more directive and challenging on priorities

- 1.24 Following a review of NHS informatics in 2013¹¹, which identified a lack of collective leadership, the Welsh Government set up the NHS Wales Informatics Board (NIMB) in 2015. Initially, the then Minister of Health and Social Services chaired the Board but it is now chaired by the Chief Executive of NHS Wales. NIMB membership includes the executive leads with responsibility for informatics from NHS bodies, and senior officials from NWIS and the Welsh Government. The Board oversees Information Management and Technology in NHS Wales and drives the strategic agenda for a data-driven system, which can support improved access to information and the introduction of new ways of delivering care with digital technologies. The NIMB has played an important role in providing leadership in informatics. In particular, it has been a key driving force behind the development of the detailed planning to support implementation of the strategy (paragraph 1.20).
- 1.25 Several of the staff we met with during our health board visits reported that the NIMB meetings were getting more effective. They reflected that during the period the meetings were chaired by the Minister it helped them to get a clearer steer on some priorities and also helped the Minister to understand the practical issues. However, there were concerns about whether NHS bodies felt fully able to be candid about problems in front of the Minister. They felt that, with the Chief Executive of the NHS now acting as chair, there is a move towards a greater willingness to discuss difficult issues. NWIS considers that it is positive that NIMB now discusses priorities more but had found it frustrating that these discussions generally result in NWIS having more, not fewer, priorities.

11 Mel Evans, **Review of NHS Informatics in Wales**, November 2013 unpublished

1.26 We observed a meeting of the NIMB in September 2016. We observed many positive aspects of the meeting, including the wide range of issues covered and the opportunity to look at progress across the whole NHS. However, in our view there is scope for a tougher focus on collectively resolving difficult issues. Our observations suggest that there was, at the time, validity in NWIS' concerns that NIMB tends to add more priorities rather than identify what should be deprioritised. However, since we observed the meeting in 2016, the arrangements for NIMB have been amended, with new terms of reference and a focus on overseeing the four work-streams that are taking forwards delivery of the Strategy (paragraph 1.20). NIMB intends this work to provide greater clarity on priorities.

There has been a strengthening of national clinical leadership of informatics but there may be scope for greater representation of clinical informatics within the Welsh Government's Department of Health and Social Services

1.27 Clinical leadership is critical to the successful delivery of an electronic patient record. Good informatics systems enable clinicians to embed new ways of working and communicating with their colleagues. Often clinicians in the same field have different ways of working, both within and between different health boards. Clinical leadership is therefore required in standardising processes so that the ICT systems are developed to meet clinicians' needs, rather than requiring clinicians to change their practice to fit with the ICT. NWIS reports that clinicians complain about, and resist using, systems that have been developed without a high degree of clinical engagement and for which they feel little ownership.

1.28 In recognition of these challenges, NWIS has supported the development of stronger clinical leadership on informatics. In 2015, NWIS appointed a new Medical Director, who also became NHS Wales' Clinical Chief Information Officer, to lead on clinical engagement. NHS bodies commented positively on the role and the increased engagement of clinicians as a result. The equivalent role of Clinical Chief Information Officer is different in England and Scotland. In England, the Chief Clinical Information Officer has a clear place in NHS England's senior management structure, whereas in Wales the role sits in NWIS, albeit that there is a direct line of accountability to the Chief Medical Officer¹². The Scottish Government is in the process of appointing its first Chief Clinical Information Officer, who will be a senior civil servant. In our view, there is scope for the Welsh Government to consider whether there are lessons to learn from the other parts of the UK.

¹² Direct comparison with England is complicated by the very different governance arrangements, with the senior managers of NHS England being part of an independent management structure compared to Wales where they are part of the Welsh Government's Department for Health and Social Services.

- 1.29 The NWIS Medical Director/Chief Clinical Information Officer set up the Wales Clinical Informatics Council (WCIC) in 2015. The WCIC brings together senior clinicians with some responsibility for informatics in their organisations. Its aims include providing NWIS with advice and guidance on issues that practitioners will be more knowledgeable about; for example, professional standards and information requirements, as well as communicating with others in their organisations about what to expect at each stage of developing and implementing a new system.
- 1.30 While there is much support for the WCIC in principle, there are concerns that it is not fulfilling its potential to provide strategic clinical leadership. In part, this is because the WCIC also acts as a Change Advisory Board¹³ to the Wales Clinical Portal. Some WCIC members consider that it spends too much of its time managing technical requests for changes to systems rather than focusing on the big challenges and difficult issues around clinical input to system design, development and delivery.
- 1.31 There is also scope to clarify how the Director of NWIS, who is also NHS Wales' Chief Information Officer, fits into the leadership structure of NHS Wales. The role is not represented at the NHS Wales Executive Leadership Board, which comprises all NHS Chief Executives. Instead, informatics is represented by the Chief Executive of Velindre NHS Trust as the Chief Executive with lead responsibility for informatics. Under previous arrangements, set up in 2010 after the health boards were first formed, the then Chief Information Officer sat on the equivalent of the NHS Wales Executive Leadership Board to input informatics expertise and leadership into key strategic discussions and decisions.

Within NHS bodies, informatics is not well represented at Board level and there is a need to strengthen local clinical leadership on informatics

- 1.32 The Welsh Government requires health boards to have nine Board-level Executive Directors covering defined areas¹⁴. These nine areas do not include informatics. As a result, no NHS body in Wales has a dedicated IT Executive Director post. Responsibility for informatics is always in addition to other aspects of a director's portfolio, so the priority given to informatics can vary as can the backgrounds of those responsible. While each health board has a non-executive Board Member with responsibility for IT, the specific role and responsibilities vary. It usually forms a small part of the relevant Board non-executive's remit and they do not necessarily have particular expertise in this area.

¹³ Paragraph 2.30 discusses the role of the Change Advisory Boards in greater detail

¹⁴ For NHS trusts, there are five mandated Executive Director roles.

- 1.33 Across NHS Wales, the IT lead sits with different Executive Directors including the Medical Director, Director of Primary Care and Mental Health, Chief Operating Officer, Finance Director. Executive and non-Executive leads are supported and briefed by the Assistant Directors for Informatics. However, this is not a substitute for having the expertise available during the board's discussions. In the private sector, an increasing number of companies have Chief Information Officers, or equivalent, that are members of the Board.
- 1.34 There is frustration both within NHS bodies and NWIS that clinicians are too busy with the day job to engage fully with the process of designing, testing and rolling out systems. While NWIS can financially compensate health boards for the use of clinicians' time to support national systems, the payments do not fully cover the actual costs of backfilling that post. There are a small number of very engaged clinicians across Wales, which is positive, but there is a risk that the informatics agenda then gets driven by the particular interests or priorities of a narrow group.
- 1.35 This challenge of clinical leadership is not unique to Wales. In England, the 2016 'Wachter' review called for the development of a cadre of 'clinician-informaticists' with knowledge of both clinical and IT issues to lead the development and delivery of change. The review notes that without the right people and skills, digital healthcare is likely to fail, or not realise its full potential. In our view, the lessons from the Wachter review apply equally to Wales. There is a considerable amount of work to do to enable the emergence of a group of clinicians that have both the time and the informatics training to lead locally and support the delivery of national systems.

There are some significant weaknesses in NWIS' governance arrangements including a lack of independent scrutiny and unbalanced reporting of progress

NWIS has an ambiguous formal status and there is a lack of independent scrutiny

- 1.36 NWIS has its own identity and management structure but has no formal independent status. It is not a standalone organisation with its own board and governance structures. In 2011, the Welsh Government and Velindre NHS Trust agreed that NWIS would be a 'hosted' body within Velindre. NWIS must comply with the Trust's standing orders and HR policies and reports to the Trust's audit committee. The Trust receives funding from the Welsh Government to carry out this role. However, the Trust's role does not involve holding NWIS to account for its strategy, performance or delivery. Day-to-day responsibility for this oversight role rests with the Welsh Government's Deputy Director, Digital Health and Care. NWIS is also held to account through twice-yearly review meetings chaired by the Welsh Government's Director of Primary Care and Innovation. While NIMB looks at progress across the NHS, it is not its role to hold NWIS to account. In late 2016, the Welsh Government concluded that NWIS' position as part of Velindre NHS Trust meant it had an ambiguous formal status in relation to key governance developments, such as the Putting Things Right agenda to manage serious incidents and concerns¹⁵.
- 1.37 In our view, NWIS' ambiguous status is unsatisfactory and risks creating confusion about accountabilities. NWIS does not have some of the key elements of good governance that come with a more formal status. It does not benefit from the open challenge that comes from having independent board members scrutinise its performance and strategy. NWIS chooses what papers to put in the public domain, and there is very limited public reporting of its progress and performance (paragraphs 1.40 to 1.42). Also, in other NHS bodies the chair of the organisation is accountable to the Cabinet Secretary for Health and Social Services. Without an independent chair, the link between NWIS and the Cabinet Secretary is unclear.

¹⁵ The NHS in Wales follows the management of concerns process known as Putting Things Right. This process aims to: make it easier for people to raise concerns and for the NHS to better investigate, respond to and learn from those concerns.

1.38 The Welsh Government has taken some steps to strengthen its oversight of NWIS. In 2015, the Welsh Government asked its own internal audit function to look at the oversight of NWIS, focusing in particular on the monitoring of NWIS' performance. In addition, and at the request of the Welsh Government, NWIS commissioned NHS Wales internal audit services to review its funding and arrangements to secure value for money. The NHS Wales internal audit report reflects our own findings in key areas, including the need for strengthened oversight arrangements. Velindre NHS Trust and NWIS are in the process of agreeing an action plan to address the recommendations of the review. In July 2017, following a Joint Executive Team meeting, the Welsh Government wrote to Velindre NHS Trust stating that 'clearer arrangements for governance of NWIS' were required.

NWIS' reporting of performance and progress is not balanced and has tended to paint an overly positive picture

- 1.39 NWIS produces a monthly report to Welsh Government officials and the Cabinet Secretary, which summarises progress for each project. In response to the reviews by the Welsh Government and NHS Wales internal audit services, NWIS has amended its progress reports. It has included some additional data on finances, risks and its response to incidents and suggestions from NHS staff.
- 1.40 In our view there is scope to further strengthen progress reports to provide a more balanced picture of progress. The reports use a RAG (red, amber, green) system. However, the statuses are not always clearly explained. In some cases, projects are marked as 'green' for timing milestones despite being years behind schedule. This apparent anomaly is because NWIS has amended its timescales to reflect actual progress and set out a more realistic timeframe. These updates go through a proper change control process. However, this process and these changes are not fully explained in the reports. Although the reports include some data on operational performance, they focus primarily on projects that are currently being rolled out, which only account for around 10% of NWIS' resources. They therefore do not reflect some of the concerns and issues with existing national systems that are being reported to NWIS.

- 1.41 Performance reports in the public domain tend to depict a positive and optimistic picture. For example, NWIS's three-year plan for 2016-2019 reports on the progress made on delivering the 2015-16 plan but it lists positive outcomes only. It does not report the extent to which the previous plan has been delivered or whether actions remain outstanding. Where detailed figures are given, the context required to understand the data is missing. For example, the plan reports that patient registrations to My Health Online are in excess of 170,000, but does not reflect that this represents only 5.6% of the Welsh population and is significantly below the original aim of 872,000 patients¹⁶. NWIS' annual review also focuses only on the positive view. The review describes each of the main projects that NWIS is developing and delivering, but does not provide any information or context that would allow the reader to evaluate how well projects are progressing.
- 1.42 In our view, NWIS would benefit from taking a more balanced approach to reporting its performance. We do not think the information gives those responsible for overseeing NWIS and the public sufficient balanced information to understand progress. The lack of balanced information also contributes to reputational risks. NHS staff using NWIS' systems are acutely aware of instances when a system has taken longer to deliver, or has not delivered all the benefits it originally intended. That these issues are not reflected in NWIS's assessment of its own performance contributes to frustration and a perception that NWIS does not listen. A more balanced reporting style would allow NWIS, the Welsh Government and the wider NHS to have a more constructive conversation about where the issues affecting performance and delivery lie and how they can be resolved. We note that the most recent (October 2017) progress reports to the NIMB have been improved to give a more balanced picture of progress and actual use of systems.

¹⁶ Paragraph 2.39 provides further, more up-to-date, detail on the reporting of My Health Online benefits.

The Welsh Government has strengthened its oversight of business cases for new national informatics systems

- 1.43 NWIS follows the Five Case¹⁷ approach to developing business cases for national systems. This approach is commonly used in the public sector and we have commented on its use in other reports¹⁸. We reviewed NWIS' business cases for several systems and found that they were generally clear and in line with guidance on estimating costs, allowing for optimism, setting out intended benefits and comparing different options. In some cases, the options included the relative costs and benefits of procuring a service or developing it in house.
- 1.44 While the capital funding elements of the business cases are generally clear, we consider that NWIS could be clearer on the revenue implications. In particular, the business cases we reviewed in relation to the six products were generally unclear as to the scale, and cost, of NWIS staff time in developing and supporting the new systems. They were also unclear as to the amount of staff time required in the health boards to support local roll-out of the systems. Staff at health boards told us that the amount of time they had to spend supporting the roll-out of a new system was far in excess of their expectations.
- 1.45 Historically, the processes for approving NWIS' business cases have varied. Because of the timescales involved, most of the systems we focused on were prepared many years ago. Some were developed iteratively, using NWIS' own discretionary capital funding, so did not require any approval from the Welsh Government. Also, some projects were funded through different initiatives, including Invest to Save, with different scrutiny processes.

¹⁷ The five 'cases' are: strategic, financial, economic, commercial, management.

¹⁸ See Auditor General for Wales reports on **Welsh Government Acquisition and Ownership of Cardiff Airport**, January 2016, and **21st Century Schools and Education Programme**, May 2017

- 1.46 We looked in detail at the My Health Online business case scrutiny as a relatively recent project. We found that Welsh Government officials made detailed comments on the My Health Online Outline business case in 2010. These included some critical comments on the detail in the options appraisal. The intended next stage was for the Department of Health and Social Service's Infrastructure Investment Board to see a final amended business case and make a decision on whether to recommend funding. However, NWIS subsequently amended the business case and, in 2013, decided to fund My Health Online from its own discretionary capital. As NWIS needed no additional Welsh Government funding, the business case did not require formal Welsh Government sign-off. We found no evidence that the final amended business case was signed off by anybody outside of NWIS.
- 1.47 The Welsh Government has strengthened the approach to reviewing business cases. Since 2015, NIMB has had a role in approving all business cases for national systems. The Welsh Government has emphasised that it expects NHS bodies to have a stronger collective role in developing business cases for national applications. In 2016-17, the Welsh Government introduced a new distinct capital funding stream for ICT projects and new approval processes. Business cases will be reviewed by the Digital Health and Care Team within the Department. The business cases will be subject to further review by the Informatics Planning and Delivery sub-group of the NIMB. The Business Case will subsequently be reviewed by NIMB which will decide whether to endorse funding. The final decision will be taken by the Cabinet Secretary, on the basis of advice from officials.

The Welsh Government needs to decide whether and how to provide significant extra funding needed to deliver the vision and work with the NHS to strengthen collective financial planning for informatics

NWIS' core funding from the Welsh Government has fallen by 22% in real terms since 2010-11 and it appears that spending on ICT across the NHS is some way below recommended levels

- 1.48 An independent review of NHS informatics in 2013 found that in 2010-11, total spending on ICT across the NHS (including by NWIS) was around 2% of total expenditure. The review noted that this figure was some way lower than the 4% that Sir Derek Wanless had recommended that the NHS across the UK should be spending on ICT in 2003¹⁹. NWIS' 2016-17 budget is around 0.8% of health spending (excluding depreciation).
- 1.49 Our local diagnostic reviews of NHS bodies' ICT capacity and resources found that NHS bodies reported spending an average of 0.8% of their budget on ICT in 2013-14. That figure varied from 0.61% to 0.9%. Between 2010-11 and 2013-14, all health boards, apart from Cardiff and Vale University Health Board²⁰, had reduced their spending on ICT in real terms. The reduction varied from 3% to 31%. Assuming that spending position has risen in line with overall NHS budgets in the period since 2013-14, we estimate spending on ICT to be in the order of 1.6% of total spending. This is a broad estimate and meeting a spending target is no guarantee of effective delivery.
- 1.50 In 2016-17, NWIS' total revenue budget, excluding depreciation, was around £54 million. It had £4.9 million in discretionary capital and also secured £1.9 million in capital from the Welsh Government for specific projects and systems. The largest component of NWIS' budget is the £27.9 million of programme funding from the Welsh Government, which covers most of NWIS' core functions, including developing and supporting national informatics systems (Figure 3)

19 The Report of the Project Team advised by Derek Wanless, **The Review of Health and Social Care in Wales**, June 2003

20 Cardiff and Vale University Health Board noted that the increase over the period was due to one-off capital spending on ICT fixtures at the National Children's Hospital and two new buildings. It reports that without these one-off items, spending would have fallen over the period.

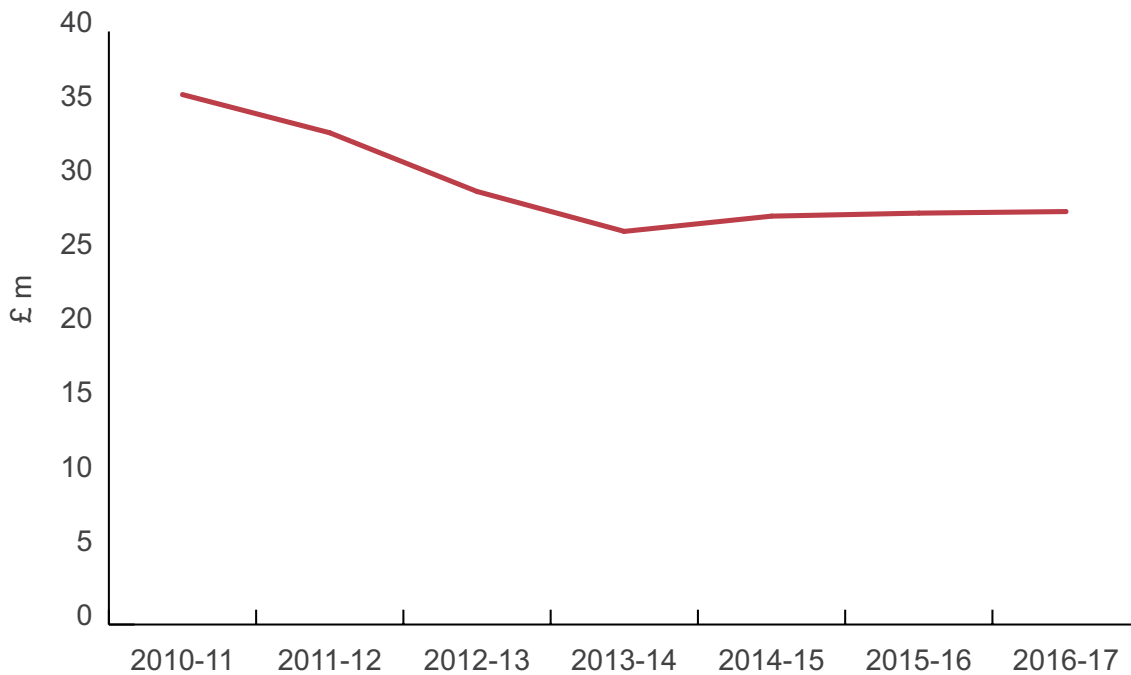
Figure 3: Sources of NWIS income, 2016-17 budget

Type and source	Income (£ million)
Revenue	
Programme funding from the Welsh Government	27.9
Primary care services for supporting national systems	13.3
NHS bodies' services for supporting national systems	9.7
Other, includes funding from the Welsh Government for specific initiatives and income from services to the NHS in England, Northern Ireland and the private sector	3.3
Total revenue	54.2
Capital funding (all from the Welsh Government)	
Discretionary capital	4.9
Specific project funding	3.4
Total capital	8.3

Source: NWIS and Welsh Government data

1.51 **Figure 4** shows that, in real terms, the programme funding from the Welsh Government was considerably lower (22%) in 2016-17 than in 2010-11. There has been a small real-terms increase each year since 2014-15 but these increases have not brought the funding back to levels seen at the start of the decade.

Figure 4: NWIS programme funding from the Welsh Government in real terms, 2010-11 to 2016-17 (at 2016-17 prices)



Source: Wales Audit Office analysis of data supplied by NWIS

1.52 The July 2017 **Interim Report** of the Parliamentary Review of Health and Care set out that it had heard concerns about the lack of resources for ICT. While it did not reach any conclusions as to whether those concerns were indeed founded, it pointed to concerns that NWIS had insufficient capacity to develop new systems. In particular, it identified that most of NWIS' staff were required to support existing infrastructure and systems and had little time to dedicate to new systems. NWIS made a similar point to us in terms of its budget. It reports that around 90% of its budget is largely ring-fenced for pre-existing or contracted services. Its figures show that just 10% of its budget is allocated to what it calls 'projects'. However, 'projects' only includes national systems that are in the process of being rolled out. Some of the 15% of its funding that is allocated to application development and support will be used for improving and adding new functionality to existing systems to make them work more effectively.

For the first time, the NHS has an estimate of the cost of achieving the vision, currently an extra £0.5 billion, although the Welsh Government and NHS bodies have not yet committed to providing the funding

1.53 During 2016, NHS bodies and NWIS developed the strategy implementation report which, for the first time, sets out indicative costs and a timeframe for delivery of the strategy. The report brings together the collective costs of all of the Strategic Outline Plans for delivering the vision in each NHS body and NWIS' contribution to national systems. The total cost over the five-year period 2016-17 to 2020-21 is tentatively estimated at £484 million on top of existing budgets, with £195 million capital and £288 million revenue (Figure 5). Of the £484 million, £196 million (40%) is identified as needed by NWIS, with the rest required by health boards and NHS trusts. The Welsh Government has not yet committed to providing this funding.

Figure 5: Additional investment required to deliver the strategy between 2015-16 and 2020-21

	Required funding (£ million)		
	Capital	Revenue	Total
NWIS	40.0	155.8	195.9
Health boards and NHS trusts	155.3	132.5	287.8
Total NHS Wales	195.3	288.4	483.7

Source: NHS Wales strategy implementation report

1.54 In our view, some of the timing assumptions in the draft plan seem highly optimistic in light of recent experience. Given that there are fixed costs involved in delays by NWIS, it seems reasonable to plan for costs to be higher than anticipated if there are any significant delays, along the lines of those experienced in the programme to date. There is further work to be done to develop the cost estimates into clear business plans and it will be important for those plans to be realistic about timings and costs in light of progress to date.

- 1.55 The Welsh Government and NHS bodies will need to make some tough decisions as to whether they can prioritise investment in the delivery of the vision. This is a particular challenge in an environment where public funding is tight due to austerity, there are significant cost demand pressures on services and there is uncertainty about future revenue budgets.
- 1.56 In the draft budget for 2018-19, the Welsh Government set out that it is reducing spending on the Efficiency Through Technology Fund²¹ from £10 million to £6 million. The Welsh Government expects NHS bodies to increasingly fund ICT improvements from their core funding. Given the wider pressure on the Welsh Government and NHS bodies' core budgets, we consider that the Welsh Government should, as a matter of priority, set out clearly whether and if so, how, the delivery of the plan will be funded over the five years.

Three-year integrated planning and local three-year digital health and social care plans are a step forwards but there is a need to strengthen arrangements for collective financial planning

- 1.57 NWIS is trying to work in line with the three-year planning framework for other NHS bodies set out in the NHS Finances (Wales) Act 2014. Under that Act, each year NHS bodies are required to produce a rolling three-year integrated plan covering finances, service delivery and workforce. To meet the duty under the Act, NHS bodies need to produce a plan that is signed off by the Welsh Ministers. Although NWIS is not required to produce a three-year plan, it does so in order to provide consistency and as part of good medium-term financial planning.

²¹ Efficiency Through Technology was set up in 2015 to accelerate the demonstration, evaluation and adoption of new products and services into practice, increasing efficiency and providing patients with better outcomes in accordance with the principles of prudent healthcare.

- 1.58 There are some practical challenges to joining up planning across NHS bodies and NWIS. NWIS uses the first iterations of NHS bodies' three-year plans to identify where they imply commitments from NWIS, including financial or staff commitments. However, it can be difficult for NWIS to keep track of, and respond to, changes as the plans evolve. Also, just three out of the seven health boards have approved three-year plans, with four working to one-year plans²². The different statuses of the plans add further complexity for NWIS in trying to plan over a three-year period. NWIS officials report that they have had difficulties getting timely feedback from the Welsh Government on NWIS' three-year plan. The Welsh Government tends to provide feedback during the middle of the financial year which focuses primarily on the budget rather than the operational detail of the plan.
- 1.59 Going forwards, the development of local Strategic Outline Plans and the development of a national informatics plan should provide greater certainty on expectations over the medium term that NWIS can factor into its plans. Nonetheless, we consider that there is scope for NWIS, the Welsh Government and NHS bodies to work together better to better integrate the three-year planning process.
- 1.60 The Welsh Government is making some good progress in strengthening its approach to capital funding for ICT. For 2016-17 onwards, the Welsh Government has introduced a specific capital funding stream and approval process for ICT projects ([paragraph 1.47](#)). Previously, there was a tendency for ICT capital to be allocated late in the year to ensure that funding allocated to other projects but not spent was used up in the year. For example, there was a round £10 million of such funding across the NHS in 2014-15. The introduction of a distinct capital funding stream should help to encourage a more strategic approach although there will always be a need for NHS bodies to have contingency plans to make use of capital funding where it becomes available at short notice.

²² See our report, [Implementation of the NHS Finances \(Wales\) Act 2014](#), July 2017

Part 2

Key elements of an electronic patient record are being put in place but significant delays and issues with functionality cause frustration and it is unclear whether intended benefits are being achieved



2.1 This part of the report looks at progress in rolling out the various applications and securing the benefits they are intended to bring. We look in particular at the overarching programme of systems that will ultimately go into producing an electronic patient record. We then consider the management of individual projects to time and cost, focusing in particular on the sample of six systems that we focused on ([Appendix 2](#)). Finally, we look at the issue of the quality of the systems and the extent to which the NHS can demonstrate that they are delivering the intended benefits.

Key issues we looked at

Issue	What good looks like
Programme management	A clear process for selecting the right projects to deliver the over-arching goals and for prioritising projects and actions.
Project management	Planning and delivery of projects so that they are on time and budget.
Benefits management	There is clear ownership by the right people of the intended benefits and a clear approach to ensuring those benefits are achieved and measured.

Many of the building blocks of the electronic patient record have been, or are being, rolled out but there remains a way to go until it is fully in place and NWIS lacks a clear method for prioritising its work

NWIS' programme contains the building blocks of an electronic patient record and many of the key features are being rolled out but there is still a long way to go until a full electronic record is in place

2.2 There is a widespread recognition that progress towards the patient record has been slower than expected. The NHS has never set a formal deadline by which time it expected a full record to be in place. However, there is widespread disappointment across the NHS that the vision has not yet been realised, nearly 14 years after the NHS committed itself to developing an electronic patient record.

- 2.3 Although slow, there has been progress over the past 14 years. Many of the NHS staff we met with highlighted that progress has been quicker in developing systems for primary care. The GP portal has been in place for several years, although it is not fully linked up to other systems. Several national systems are now well advanced in the rollout process, including the national laboratory system and a national radiology system. The Welsh Clinical Portal is live in every health board, although not on all wards within the health boards and with limited functionality. There are also a wide range of supporting services and infrastructure that are either in place or partially in place, to support the ultimate delivery of an electronic patient record. Examples include the Wales Clinical Communication Gateway, which enables information to be sent between primary and secondary care and the National Intelligent Integrated Audit Solution which tracks exactly who is accessing patient data.
- 2.4 The 30 live projects within NWIS' current programme of work will start to fill in some of the remaining gaps in functionality. There are gaps where services are still managed through handwritten notes and forms. For example, there is not a system for electronic prescribing, although NWIS has recently developed a business case which will aim to fill this gap by 2023 (paragraph 2.12). Also, there are still informatics systems within NHS bodies that do not communicate with each other or the national systems so the patient data cannot be shared and viewed electronically.
- 2.5 The strategy implementation report and the four workstreams set out a pathway to a largely complete electronic patient record by 2021. However, the resources are not yet in place to achieve that goal and there is considerable further work to be done to verify the timings and costs of the various systems (paragraph 1.54).

NWIS' prioritisation within its programme is weak and there is no clear process for determining which projects to prioritise during times of capacity constraint

- 2.6 As at May 2017, NWIS was involved in managing the delivery of 30 different projects which in some way contribute to the achievement of an electronic patient record (Appendix 3). These 30 live projects form a small part of NWIS' total work, accounting for just 10% of NWIS' resources (paragraph 1.52).

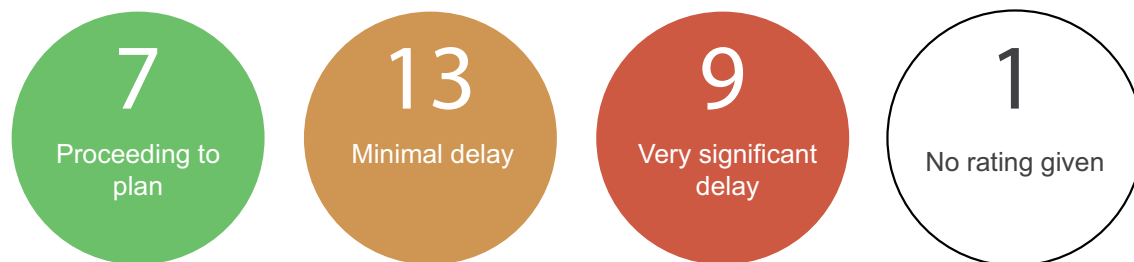
- 2.7 In [paragraphs 1.17 and 1.26](#), we noted that the NHS has struggled to provide a clear set of priorities for informatics and for NWIS and that in practice the list of national priorities keeps growing. These difficulties of prioritisation are also translated through to NWIS' work programme. We found that NWIS itself, does not have a clear process for prioritising projects. NWIS sent us a document which sets out its priorities. However, the document is largely a list of everything NWIS does or is planning to do. In effect, everything is a priority.
- 2.8 Senior NHS executives identified that NWIS was struggling to deliver its existing priorities when the strategy was developed during 2014 ([paragraph 1.17](#)). We heard the same concerns during our fieldwork. If anything, the situation has got more challenging as more projects and priorities have been added to its programme. The number of systems that NWIS is involved in implementing and developing is large and its capacity to deliver them is finite. There is a widespread frustration among NHS bodies that NWIS is juggling too many projects and developing new systems without fully implementing existing ones.
- 2.9 In practice, NWIS prioritises staff resources to projects where there are operational 'dependencies'. For example, it will prioritise resources towards a project or task that is needed because other systems or projects are reliant on making progress with that task. That seems a reasonable approach from an operational perspective, as it prevents knock-on delays. However, the approach means NWIS is often in a fire-fighting mode to try to limit knock-on consequences. In our view, a more strategic approach to prioritising, including not taking on more projects and stopping those of lower priority until the top priority systems are completed, may be more sensible.

For various reasons, many national systems have been significantly delayed which causes widespread frustration

Many systems are very delayed against the original timescales

2.10 NWIS' monthly report to the Welsh Government from May 2017 shows that, out of 30 current projects currently being implemented only seven are rated as green on milestones being achieved (Figure 6). As noted in paragraph 1.40, some of those ratings reflect progress against milestones that have been amended, following NWIS' internal change control process. For example, the project to merge instances²³ of RADIS 2 at three health boards is rated as green. In fact, this project has been significantly delayed against the original planned timescales by problems with the radiology coding at Cwm Taf University Health Board (paragraph 2.21).

Figure 6: NWIS project status against milestones, as at May 2017



Source: NWIS

23 An 'instance' refers to a separate database that is specific to a particular location. It is used in order to differentiate from 'versions', which refer to updates and upgrades. For example, two hospitals could have the same version of RADIS, ie they are both equally up to date, but they would still have separate instances because staff in one hospital would not be able to access the records held in the other. Separate instances mean that clinicians cannot access patient information across administrative boundaries.

- 2.11 For many systems, the delays have been substantial. For example, WLIMS was intended to be delivered by January 2013 but still has modules outstanding more than four and a half years later. Health board staff identified concerns about another system called GP2GP, which was being discussed six to eight years ago but is still not scheduled to be fully implemented until 2020. Similarly, NHS staff reported that the implementation of GP test requesting was being discussed over 10 years ago. Nonetheless, these two systems are rated as 'green' in NWIS' progress report. NHS bodies also pointed to slow progress with newer systems such as the Welsh Community Care Information system, which is intended to bring together information between health and social care.
- 2.12 The delays to systems referred to in **Figure 6** relate to projects that have already commenced. Additional ICT initiatives have also been delayed in the early planning phase and do not therefore feature in NWIS's monitoring. For example, our 2016 report on medicines management highlighted that the NHS has had an intention to implement an electronic prescribing system since 2007. Progress has been slower than anticipated, partly because other pharmacy-related IT projects in NWIS have taken precedence. Although a business case for a national electronic prescribing system has been drafted by NWIS, the rollout of the system is not due until 2023. Progress in developing this system has only been included in the most recent update reports, despite the longstanding commitment.

There is widespread frustration at the delays to delivery of systems and, while a lack of information makes it difficult to quantify, some systems are over-budget

- 2.13 We found that NHS bodies are deeply frustrated over the slow speed of delivery of national systems. NWIS staff also reported some frustration at what they saw as a lack of direction and engagement from health boards, particularly clinicians, in designing and rolling out new systems (**paragraph 2.17**). These frustrations are, in our view, having a significant negative impact on the relationships between NWIS and NHS bodies.

- 2.14 The delays to systems are also having an impact on the costs of delivering the systems. For those systems that NWIS develops in-house, the main cost is staff time. NWIS has not consistently identified expected staff time and costs in business plans ([paragraph 1.44](#)) and does not measure the amount of staff time allocated to each project. It is therefore not possible to verify whether costs have exceeded the original plans. However, the scale of delays across the programme suggest that systems have generally required more staff input than expected and therefore have cost more.
- 2.15 There are also additional costs for those delayed projects where NWIS has led on a national procurement on behalf of the NHS. For example, until WLIMS is fully implemented, NWIS and NHS bodies have had to bear the dual running cost of legacy systems which host the outstanding modules. However, the terms of the contract mean that the costs of the additional system development and re-development associated with WLIMS will fall to the supplier.

NWIS has strengthened its methods for developing and improving systems but a lack of end-user engagement in design and testing contributes to delays

- 2.16 NWIS follows a range of recognised international standards for developing and supporting informatics systems. It has accreditation from the International Standards Organisation and adopts the industry standard ITIL²⁴ framework for service management. NWIS has recently started moving towards using the 'Agile' method for developing new systems ([Box 6](#)). The UK Government's Digital Service Standard²⁵ requires use of Agile methods for its online digital services. One of the key benefits of Agile is that it should lead to systems that better meet the expectations of the end user. Effective use of the Agile method should help NWIS to ensure that there is greater clinical ownership of systems and, as a result, less resistance to their use.

²⁴ ITIL stands for Information Technology Infrastructure Library and is a set of processes for aligning ICT services with organisational strategy and needs.

²⁵ [UK Government Digital Service Standard webpage](#)

Box 6: agile methods for software development

Agile is an approach to software development. It emerged to counteract what were seen as weaknesses in the more traditional 'waterfall' approach. Waterfall involves spending a lot of time up front to determine the specifications for a system in detail and then building the system. The criticism of this approach was that the systems delivered often matched the specification but did not do what the end user actually wanted. They therefore required complex and expensive re-engineering.

Agile involves working closely with the end user to develop the system. It is an iterative process that places an emphasis on early development of prototypes that can be tested and refined in intensive bursts of activity. The key is the involvement of end users with the development team at all stages.

There are a host of specific techniques associated with Agile, but the general principles identified in the UK Government's Digital Service Standard are:

- Focus on user needs
- Deliver iteratively
- Keep improving how your team works
- Fail fast and learn quickly
- Keep planning

2.17 While the move to Agile is sensible and could deliver more cost-effective systems, the whole approach depends on getting greater clinical engagement. NWIS' system developers expressed frustration that they have very little contact with end users of their systems. Within NWIS, business analysts act as a conduit between the end users and the system developers. However, NWIS' business analyst resource is limited, with several vacancies at the time we carried out our fieldwork. And clinicians struggle to find the time away from their day jobs to contribute. As a result, NWIS staff are frustrated that once they have developed a system or new functionality in the absence of a clear steer from the end-user, clinicians come back wanting changes and refinements that require considerable re-work that adds to costs and delays.

2.18 Alongside the engagement of clinicians, there are also lessons for NWIS to learn about choosing the right clinical environment for testing new systems. For example, WLIMS was piloted in Hywel Dda University Health Board. We understand that the pilot was considered a success. However, on rolling out the system nationally, it became apparent that what worked in the pilot area did not work nationally as it did not cover the broader range of more complex tests undertaken in some other health boards. As a result a considerable amount of additional work was required, which has added to delays.

Difficulties locally within NHS bodies during the implementation of systems have contributed to delays

- 2.19 The roll-out of national systems can also be delayed by factors within the NHS bodies themselves. As of May 2017, out of 30 projects currently being implemented, 14 were rated as green in terms of dependencies. Dependencies cover issues that are outside of the direct control of NWIS.
- 2.20 NWIS reports that some delays have occurred due to incompatibility of existing ICT infrastructure in health boards. NWIS explained to us that ICT systems and functionality can be developed, system tested and quality assured internally by them. However, they have found on some occasions that the health board's local ICT infrastructure can prevent the new system or functionality from working properly, which can cause unexpected delays.
- 2.21 We were also informed that on some occasions, delays were down to technical issues in the NHS bodies. An example is the delay to rolling out a single instance of RADIS at Cwm Taf University Health Board. The health board had inherited two different instances of RADIS from the time of predecessor NHS Trusts. As well as two different instances, the two main hospital sites had not historically been using consistent codes when entering radiology activity to those systems. As a result, NWIS and the health board spent considerable time and effort working together to standardise and merge the databases that underpin RADIS following restructuring of the NHS in 2009. The bulk of the activity to merge the databases took place after 2013-14. The health board moved onto a new single instance of RADIS in June 2017.

- 2.22 The delays at Cwm Taf had a knock-on effect in that the NWIS team could not be released until the implementation of RADIS was complete at Cwm Taf. The planned merging of different instances of RADIS at Hywel Dda is now significantly behind time. However, Hywel Dda University Health Board has been doing preparatory work, learning the lessons from the experience of Cwm Taf and is working with NWIS on a plan to start implementation of the project in April 2018.
- 2.23 Our local reports on ICT capacity pointed to other local constraints that could hinder roll-out locally. There is variation in the number of ICT staff employed by health boards. Our local reviews found that in 2013-14 the number of ICT staff at the Health Board varied from 6.8 to 9.8 per 1,000 total staff members. Some health boards had more staff at lower grades while some have fewer staff but at a higher grade. There are also challenges with ICT equipment. We found that in March 2014, that there was a backlog of £68 million of ICT equipment classed as 'out of life', with that figure expected to rise in later years. We also found in 2015 that 33% of doctors and 48% of nurses reported that access to computers is problematic on a daily or weekly basis²⁶.

Staff capacity is a constraint and while NWIS is being creative in attracting junior technical staff it struggles to retain senior IT developers and does not have a clear workforce plan

- 2.24 NWIS faces some specific challenges with its workforce. NWIS' performance reports to the Welsh Government consistently state that it is carrying significant vacancies and that staff capacity is a cause of delays. NWIS' reports to the Welsh Government suggest that it plans on the basis of having a workforce of around 670 but actually has around 550 employees. We were unable to confirm the basis for NWIS' workforce assumptions as, despite our requests, NWIS did not provide us with a workforce plan²⁷. The NHS Wales Internal Audit review (paragraph 1.38) was also unable to confirm NWIS' baseline assumptions. However, our assessment suggests that NWIS' delivery plans are based on a much larger workforce than it can actually afford to employ.

26 As part of our Diagnostic Review of ICT Capacity and Resources we surveyed NHS staff in spring 2015 and the findings are set out in the individual reports for each NHS body.

27 NWIS has very recently started work on a workforce plan. It provided us with information showing that it has identified the key workforce risks and options going forwards. NWIS intends to develop detailed plans and actions during 2018.

- 2.25 There are potential signs that some NWIS staff may be struggling with the amount of work they have to deliver. In NWIS' most recent staff survey, over a third of respondents (37%) agreed or strongly agreed with the statement 'I find it difficult to meet all the conflicting demands on my time at work'. A similar percentage of respondents (34%) disagreed or strongly disagreed, while 29% of respondents neither agreed nor disagreed.
- 2.26 NWIS faces a challenge in recruiting and retraining highly skilled technical staff due to competition, especially from the private sector. NWIS staff salaries are set in line with national pay scales for NHS clinical and administrative staff. ICT skills are highly prized in the private sector and NWIS finds that competitors are able to offer higher salaries. In an effort to address the recognised staff capacity constraints NWIS have developed a range of activities and initiatives (Box 7).

Box 7: NWIS activity to recruit and retain new developers

NWIS focuses the majority of its recruitment activity on recent graduates. It has worked with University of Wales Trinity Saint David (UWTSD) to create the Wales Informatics Institute (TWII) which seeks to co-ordinate NWIS's work and the work of the university, for example, by offering internships and work placements to students, as well as influencing the curriculum to ensure graduates will have the skills NWIS is looking for. NWIS has been shortlisted for a 2017 Times Higher Education award for this work.

NWIS also runs its own graduate programme, which includes a short placement within a health board, for example, in medical records or a GP surgery.

The TWII provides staff with continuing professional development. In addition, NWIS provides a number of further opportunities for professional development, such as a talent management programme and training for managers. NWIS is accredited by Investors in People and also runs the British Computer Society NWIS Development Programme.

2.27 The NWIS software developers we met with believed that NWIS offers good opportunities to graduates and new starters. However, they felt that NWIS struggles to attract and retain more experienced staff. This leads to an increased use of contractors, which can be frustrating as they are unlikely to have the depth of knowledge that a long-serving staff member would have developed, and what knowledge they have leaves with them at the end of their contract. NWIS staff felt that, compared to other employers, NWIS offers good terms and conditions and a good work life balance but will always be beaten on salary.

There are concerns about the quality of some key national systems and a lack of monitoring data means it is unclear whether they are delivering the intended benefits

There are concerns that some systems do not fully meet NHS bodies' needs and some staff are developing their own workarounds

2.28 NHS bodies are concerned that a number of national systems do not fully meet their needs. Staff at health boards raised concerns with the functionality of all the national systems that we focused on in our review ([Appendix 2](#)). Other reviews have also flagged concerns with the quality of systems we looked at:

- NWIS carried out a survey of registered users on the WLIMS between September 2016 and January 2017. Based on 344 responses, 73% said that they strongly disagreed or disagreed that the WLIMS provides the functionality they need.
- NWIS's internal review of the services offered by My Health Online has identified that the system's functionality must be improved in order to achieve its intended benefits.
- in our recent local audit work on radiology services across all health boards in Wales, we found that many frontline staff are dissatisfied with the functionality of RADIS in particular. Our reports concluded that, generally, radiology ICT systems do not serve health boards' needs.

- 2.29 Some of the concerns about functionality related to a widely held view that NWIS considers projects as completed at too early a point. The point at which NWIS considers a system to be delivered or available is not necessarily the same as when a health board considers a system delivered or available. A system might largely be in place, but is not necessarily being used properly (or at all). For example, NWIS considers the Welsh Clinical Portal to be 'live', including the functionality that allows GPs to make electronic referrals. However, health boards reported that doctors find the referral process difficult and time consuming to use, so many are instead continuing with paper referrals.
- 2.30 NWIS provides updates to improve the functionality of existing systems regularly. These changes are managed through Change Advisory Boards (CABs) which are in place for most of its systems. The CABs are made up of representatives from NWIS and NHS bodies and their purpose is to oversee and prioritise requests for changes to the system. They are therefore the main mechanism by which NHS staff can attempt to adapt systems to their needs, providing that such adaptations do not cause problems for other health boards.
- 2.31 We found that the change management process and CAB meetings are not as effective as they could be. Some NHS staff report that they receive no information about whether their request has been agreed or not, nor about how long they might expect to wait before a change is implemented. At the CAB meetings we observed, the health boards taking part offered little guidance to NWIS about prioritisation and it was not clear at the end of the meetings what the decisions and outcomes of the meeting were. However, the CABs we observed spent quite a significant amount of time discussing changes that were described as 'minor'. Some NWIS staff expressed frustration about the approach to 'minor' changes, noting that they had been prevented from making changes that would have taken little time but which they recognised would make the work of NHS staff easier.
- 2.32 In some instances where systems do not, ultimately, meet their needs, NHS staff are developing their own workarounds to compensate. Hywel Dda University Health Board carried out a detailed review and found that staff had created their own separate databases because they did not feel they could rely on the national systems. This situation results in duplication of effort and also poses information governance risks.

Many senior executives and clinicians reported that a number of the national systems we considered do not provide them with the information they need to plan and manage services

- 2.33 NHS bodies are generally struggling to get good management information out of the national systems to enable them to monitor performance, understand demand and plan services for the future. Senior NHS officials who had experience of working in England were keen to emphasise that there they had access to much better information, generally in the form of a 'dashboard', than was available in Wales.
- 2.34 NHS bodies raised specific concerns about 'DeepSee' – the business intelligence function of WLIMS – which staff told us was not working as they expected and was not meeting their needs (Figure 12, Appendix 2). There are concerns that staff have to make lots of manual adjustments to be able to get management information from the RADIS system. Some health boards also expressed frustration at not being able to get good management information from Myrddin. While Cwm Taf University Health Board reported that it could get the information it needed from Myrddin, the time spent generating the information is, essentially, equivalent to a full-time post.

The intended benefits of investment were clearly set out in the early stages of the projects we examined but it is not clear who is responsible for achieving them

- 2.35 As noted in paragraph 1.43, NWIS generally develops business cases using a commonly used approach. The business cases for each of the systems that we looked at for this review clearly set out the expected benefits that the investment should deliver (Figure 7). Although there is some difference of language, they follow some common themes of improved patient safety, improved clinical practices and reduced costs.

Figure 7: intended benefits expected to be achieved from the six systems we reviewed

System	Intended benefits
My Health Online	<ul style="list-style-type: none"> Patient safety increased Increased positive health outcomes Patient confidence increased Increased convenience of care Health system efficiency increased
Choose Pharmacy	<ul style="list-style-type: none"> Improved patient safety Patient confidentiality/security improved Cost savings Efficiency
Welsh Laboratory Information System	<ul style="list-style-type: none"> Compliance with clinical evidence-based practice increased Comparable results created across NHS Wales Clinical risk decreased Unit production costs decreased Single pathology record for each patient created System management costs decreased Analyser interface costs decreased
Welsh Patient Administration System	<ul style="list-style-type: none"> Patient safety increased Positive patient outcomes increased Convenience of care increased Patient confidence increased Legal/policy compliance maintained Health system efficiency increased Overall health system costs decreased

System	Intended benefits
Welsh Radiology Information System	Improved clinical governance Improved operational efficiency, flexibility and adaptability Improved demand management and forward planning Saved current and future costs Improved working environment and facilities for staff
Welsh Picture Archiving and Communication System	Cost of media, postage and packing decreased PACS Manager administration time on providing CDs decreased Patient waiting time decreased Time to diagnosis and treatment decreased Decreased risk of patient confidentiality being breached Decreased clinical risk because of availability of diagnostic information Reduced cost of repeat imaging

Source: Original business cases supplied by NWIS

2.36 While business cases have been clear on what benefits the systems should deliver, there is confusion about who is responsible for ensuring those benefits are indeed achieved. Evidence from a gateway review of WLIMS and feedback from NHS staff clearly demonstrate that there is a lack of clarity on whose responsibility it is to achieve and monitor the benefits. NWIS considers that it has clearly set out that responsibility for monitoring and achieving benefits rests with the NHS bodies. NHS staff we spoke to either felt that the responsibility for measuring the achievement of benefits was never set out clearly or was NWIS' responsibility.

Weaknesses in monitoring mean that it is not clear whether the overall investment in digital healthcare is delivering the intended benefits

- 2.37 In 2013, NWIS produced a report on the anticipated economic return on investment that NHS Wales should expect to derive from NWIS's programme of work. However, that report intentionally did not consider qualitative benefits such as increased patient safety. NWIS's analysis concluded that due to the time saved by using more efficient IT solutions, for every £1 invested, NHS Wales could expect an economic return of £2.36. We did not undertake detailed analysis of these figures but note that they were based on theoretical savings and benefits rather than being built up from actual savings delivered in Wales.
- 2.38 In our survey of NHS Assistant Directors of Informatics, six out of ten respondents disagreed with the statement 'my organisation and NWIS are making progress in achieving the intended benefits from investment in clinical ICT services'. Only one of the ten Assistant Directors agreed with the statement while three neither agreed nor disagreed. These views show a combination of concerns about the lack of impacts and a potential lack of clarity as to whether the intended benefits from investment in clinical ICT services are being achieved.
- 2.39 NWIS produces evaluation reports at the end of projects (project closure) and also commissions reviews of systems. We would expect these documents to provide some detail on whether the intended benefits were achieved. However, the examples of reports that NWIS sent us did not make clear links between the benefits set out in the business case and what the system had achieved. Rather, they focused more on the project management and technical lessons for NWIS. NWIS produces some ad hoc reporting of achievements and benefits, for example, through annual reports. But as noted in [paragraph 1.41](#), these tend to be partial, lack context and are more about presenting a positive picture rather than a hard analysis. An example of the partial approach to reporting benefits is My Health Online ([Box 8](#)).

Box 8: reporting the benefits of My Health Online

NWIS reports emphasise that the system has been rolled out to 100% of GP practices and that 222,000 patients have registered. Taken in isolation those numbers seem impressive but the underlying story is more mixed.

- **Not all practices actually offer all parts of the system.**

100% of practices have the system. As of July 2017, just over half of practices (51%) offer online appointments and 90% were offering online repeat prescriptions. Some 9% of practices were not offering any part of the system to their patients.

- **While growing, the number of patients registered is significantly below expectations.**

The number of patients registered on the system is growing and increased from 179,000 to 222,000 between March 2016 and July 2017. Having 222,000 registered patients is significantly below the figure of 872,000 set out in the 2009 business case and represents just 7% of the Welsh population. It is not possible to assess how many of the 222,000 registered individuals have actually used the system since it was set up.

- **A limited amount of primary care activity is carried out through My Health Online**

NWIS reports that an average of 44,000 prescriptions are ordered each month through the system. That accounts for less than 1% of prescriptions across Wales each month²⁸. We also estimate that the 12,000 appointments booked each month on the system represent less than 1% of GP appointments booked across Wales²⁹.

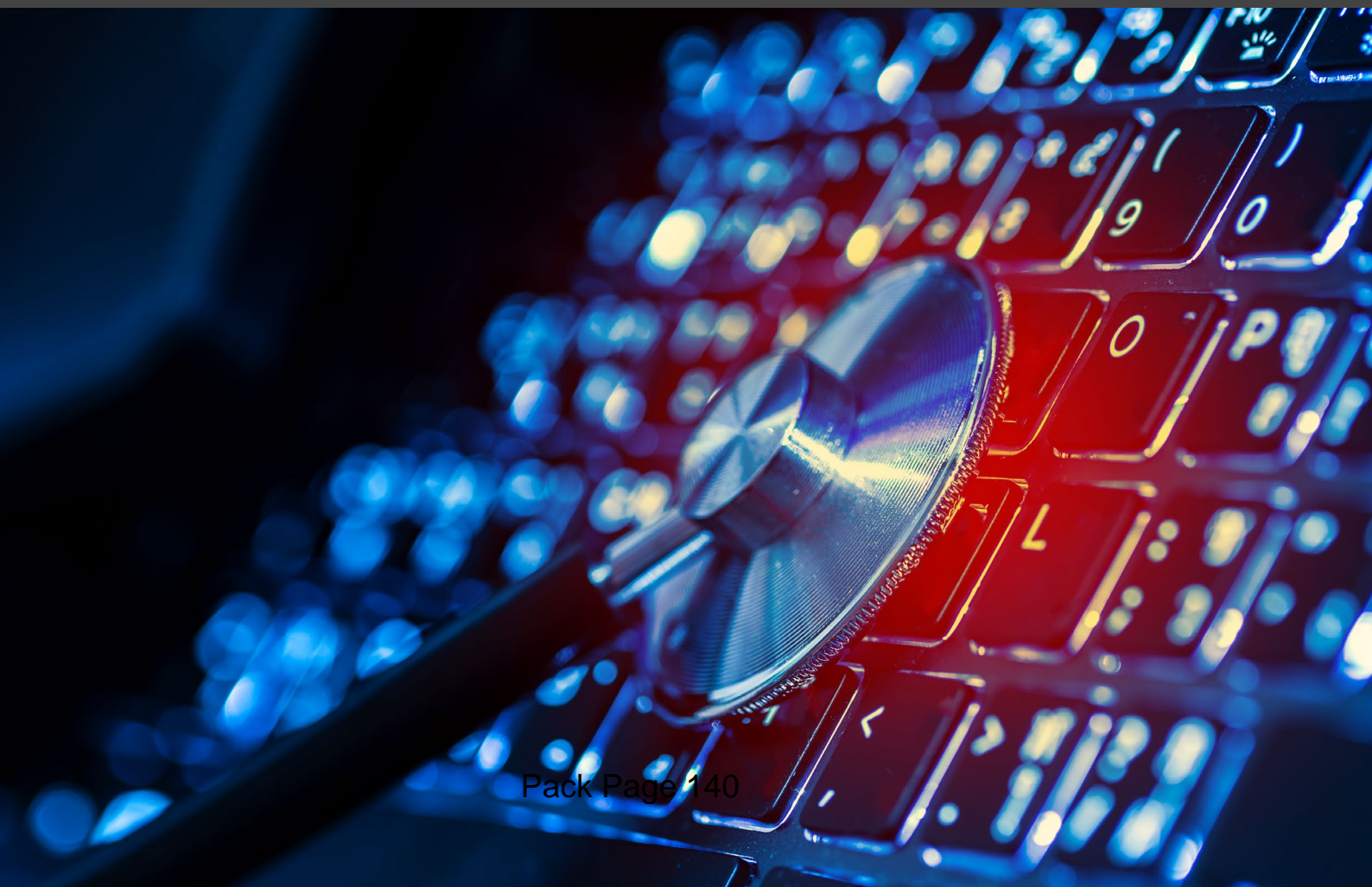
2.40 The exception on benefits monitoring, among the systems we examined, appears to be Choose Pharmacy. The project had a detailed evaluation by the Welsh Government's Knowledge and Analytical Services following the pilot phase. The review identified specific benefits of fully rolling out the project, which would likely outweigh the costs.

²⁸ This is based on a total of 79.5 million prescriptions each year, as set out in our report on Medicines Management.

²⁹ There are no official statistics on the number of GP appointments in Wales. NHS England estimates that there were around 340 million GP appointments in England in 2012-13. Extrapolating that figure to Wales, would give around 19 million appointments a year. We are looking in more depth at the evidence around demand for GP services as part of our review of primary care services, which we intend to publish next year.

2.41 The NHS Wales Internal Audit review of NWIS identified that there is a need to strengthen the monitoring of benefits. NIMB recognises that the approach to benefits realisation needs improvement and has set up a task and finish group to develop a new benefits realisation framework. More robust benefits monitoring would help NWIS and NHS bodies better understand the impact of their collective investment, and enable them to better plan and prioritise delivery of systems for the future.

Appendices



Appendix 1

Audit methods

We reviewed a range of documents such as:

- Business cases, project briefs, project initiation documents, project closure reports and assurance quality plans in relation to various NWIS projects and systems
- NWIS performance reports to the Welsh Government
- Papers, minutes and terms of reference for a range of NWIS boards such as NIMB, the Delivery and Implementation Group and various Strategic Management Boards and Change Management Boards
- Velindre NHS Trust audit committee papers
- Welsh Government strategy documents
- Correspondence setting out accountability and financial arrangements between NWIS and the Welsh Government
- Reports by the Welsh Government and NHS Wales Internal Audit Services

We took account of our own recent work that covered issues related to informatics, including the following reports:

- **Managing Medicines in Primary and Secondary Care**, December 2016
- **A Review of Orthopaedic Services**, June 2015
- **NHS Waiting Times for Elective Care in Wales**, January 2015

We also drew from our local audit work which provided a diagnostic review of ICT capacity and resources at each NHS body. This work was carried out in 2014-15 and published following consideration by each body's audit committees during 2015-16. It drew on financial, workforce and other data for the financial year 2013-14 as well as other sources, including a Wales Audit Office survey of NHS staff carried out in 2015.

We considered the National Audit Office's series of reports on the National Programme for IT in the NHS in England. We spoke to Audit Scotland about Scotland's approach to managing large IT projects.

We interviewed a range of people including:

- Welsh Government officials
- NWIS staff including:
 - Senior managers
 - Software developers
 - Staff involved in the development, implementation and ongoing maintenance of specific systems

We visited Hywel Dda, Cwm Taf and Cardiff and Vale health boards and met with a range of officers, including:

- Senior managers, including Chief Executives, lead directors for informatics and Assistant Directors of Informatics
- Board members
- Representatives of primary care
- Clinicians and administrators using specific systems

We conducted a survey of NHS Assistant Directors of Informatics to seek their views on whether investment in clinical ICT services is on course to achieve the anticipated benefits to the NHS in Wales. The survey was sent to all seven health boards and the three NHS trusts, all of whom responded.

We observed meetings of Change Advisory Boards (these are made up of representatives from NWIS and NHS bodies and their purpose is to oversee and prioritise requests for changes to individual systems) and a September 2016 meeting of the National Informatics Management Board.

Appendix 2

The six systems we examined in more detail

NWIS develops and supports a large number of complex ICT systems. We decided that we would select six systems to look at in greater detail and use as examples to illustrate our findings.

We chose the following systems:

- RADIS (also called Welsh Radiology Imaging System (WRIS))
- PACS
- MHOL
- Choose Pharmacy
- WLIMS
- Myrddin

The selection included products of varying ages and stages of development, from Myrddin which was first developed 25 years ago, to Choose Pharmacy, which at the time of writing was still in the pilot phase. The section also included examples that had been developed by NWIS, such as RADIS, as well as systems that were wholly or partly developed and delivered by a third party (WLIMS and PACS).

Figure 8: System: RADIS 2

System: RADIS 2	
Key functions	RADIS is the Radiology Information System used in all health boards. It is sometimes referred to as WRIS or the Welsh Radiology Information System. RADIS is the IT system that practitioners use to manage the service and keep track of which patients have received which scans.
History	<p>NWIS developed the RADIS system 'in-house'. It rolls out updates and upgrades across the NHS. NWIS did not have a clear timetable or budget at the outset and has not monitored how much delivery of RADIS has cost so far. NWIS started rolling out the RADIS 2 system in 2005.</p> <p>There has been a challenge to ensure that all health boards have a single instance of RADIS. An 'instance' refers to a separate database that is specific to a particular location. It is used in order to differentiate from 'versions', which refer to updates and upgrades. For example, two hospitals could have the same version of RADIS, ie, they are both equally up to date, but they would still have separate instances because staff in one hospital would not be able to access the records held in the other.</p> <p>Having numerous instances of RADIS is a consequence of NHS reorganisation during the latter half of the 2000s. Hospitals that were part of separate organisations are now part of the same health board, but the separate infrastructure remains in place in some areas. Currently, two health boards still have more than one instance of RADIS. They are:</p> <ul style="list-style-type: none"> • Hywel Dda University Health Board • Betsi Cadwaladr University Health Board <p>Work to ensure that all health boards have a single instance of RADIS had been delayed due to issues in Cwm Taf University Health Board (paragraph 2.21). NWIS intends to start merging the three instances of RADIS at Hywel Dda University Health Board in April 2018, but no date has yet been set for the work at Betsi Cadwaladr University Health Board.</p>
Time	Clear timescales were not established at the outset. From the start of rollout in 2005, it took 11 years to get all health boards onto the RADIS 2 system. However, two health boards still have multiple 'instances' of RADIS 2, which do not communicate with each other.

System: RADIS 2

Cost	<p>We did not find any clear assessment of the expected costs at the outset and NWIS has not measured the total costs of delivery. NWIS reports that since 2010, there has been an investment of £230,000 in capital, related to upgrades to hardware. NWIS reports the annual running costs of RADIS are currently £1.2 million.</p>
Quality and functionality	<p>There are particular concerns amongst those health boards that have multiple instances of RADIS 2. They report that it is time consuming for clinicians and makes it difficult to plan and deliver services across the whole health board. For example, if a patient has a scan in one hospital, another hospital in the same health board will not have a record of it. Having multiple instances of RADIS also makes it difficult to retrieve management information as this has to be done separately for each instance and then consolidated into one report manually.</p> <p>Even without multiple instances, other health boards told us that it is difficult and time consuming to extract management and business planning information from RADIS. There are concerns that RADIS does not link to other systems. In particular, it does not link to data on patient waiting times, which makes it more difficult to ensure patients get their tests in the right order. Some health boards also had concerns about the accuracy of the information extracted from RADIS.</p>

Figure 9: System: PACS

System: PACS	
Key functions	<p>PACS is a picture archive and communication system where all the images for MRI scans, CT scans, x-rays and ultrasound scans are stored electronically. The system is provided by a third party, Fujifilm, with NWIS providing contract and relationship management support. Fujifilm supplies hardware and software to health boards for provision of PACS services, including voice recognition and full disaster-recovery solutions. Each health board provides the necessary infrastructure to run those services, including networks and server space. Fujifilm also provides software and hardware within NWIS data centres for provision of a centralised archiving solution for data sharing between each health board. NWIS provides the necessary infrastructure in the data centres along with network links to each health board.</p>
History	<p>Prior to PACS, there were 10 separate systems in operation across Wales. Existing contracts were due to expire from 2012 so the National Imaging Programme Board decided to procure one national system, with NWIS as the procurement lead to take this forward. The installation of PACS was project managed locally by each health board.</p> <p>The system is now in place across six of the seven health boards in Wales. Cardiff and Vale University Health Board is the last to take on the system, having been instructed by the Welsh Government to accept it. The health board had previously intended to develop its own approach to an integrated end-to-end system for imaging, rather than adopt the national PAC system which provides one element. The health board is now working with Fujifilm to develop some of the additional functionality it considers necessary.</p>
Time	<p>It was planned that the system would be rolled out across different sites between June 2012 and November 2016. NWIS told us that implementation had taken longer than anticipated. In part this was because some of the assumptions NWIS made regarding the readiness of the existing infrastructure to merge with PACS proved to be overly optimistic. The overall timetable was also impacted by the issues at Cardiff and Vale University Health Board (see above).</p>

System: PACS

Cost	<p>The full business case identified the cost of implementing PACS at £25 million over seven years. The terms of the framework contract mean that Fujifilm bore the cost of any delays. In practice, some NHS bodies have agreements lasting longer than the seven years and have also included additional functionality and hardware at extra cost. In total, the value of the PACS contracts around Wales is £29.4 million.</p>
Quality and functionality	<p>During 2016, NHS Wales commissioned ImprovIT Consulting Ltd to perform a benchmark study to ascertain whether the service was offering value for money. Their conclusion was that Fujifilm delivered a service with high availability and low levels of incidents and changes at below market cost, representing good value for money. However, no formal evaluation has taken place in regard to intended benefits set out in the original business case:</p> <ul style="list-style-type: none">• Cost of media, postage and packing decreased• PACS Manager administration time on providing CDs decreased• Patient waiting time decreased• Time to diagnosis and treatment decreased• Decreased risk of patient confidentiality being breached• Decreased clinical risk because of availability of diagnostic information• Reduced cost of repeat imaging <p>NHS staff told us that they had experienced some relatively minor issues with PACS, for example, the use of voice recognition, around the time of implementation, but these had largely been resolved. The system is provided by a large and established company and is used across the world.</p>

Figure 10: System: Myrddin

System: Myrddin	
Key functions	Myrddin is a patient administration system (PAS), also known as the Welsh PAS. It is a core part of a hospital's IT infrastructure. It holds patient contact details, records inpatient and outpatient appointments and generates letters for patients about their appointments
History	<p>Myrddin was originally developed in 1991 for Carmarthenshire NHS Trust. In time, it became the only system in use in Carmarthenshire (later Hywel Dda University Health Board) and was rolled out in other health boards. NWIS took over management responsibility for the team of staff responsible for Myrddin in 2013.</p> <p>In July 2006, a review of in-house systems in use in the NHS in Wales found that both Myrddin and PMS (Cardiff and Vale University Health Board's system) could be used elsewhere and compared favourably with the commercial systems available. At that time, Myrddin had already been rolled out to three other health boards. Cardiff and Vale University Health Board had proved that their system, PMS, could be rolled out elsewhere as it had introduced it to Llandough hospital following re-organisation. NHS Wales therefore has two home grown patient administration systems, both of which are able to be rolled out more widely, if required. However, it appears that Myrddin's readiness to provide a solution to outdated commercial systems has led to it becoming the de facto PAS for most of Wales, although NWIS and the Welsh Government were not able to provide evidence of a strategic decision to that effect.</p> <p>NWIS is currently rolling out the system across Betsi Cadwaladr University Health Board, with an estimated completion date of October 2017 for Betsi Cadwaladr University Health Board East and October 2018 for the West. This will leave only Velindre NHS Trust and Cardiff and Vale University Health Board who do not use Myrddin.</p> <p>Cardiff and Vale University Health Board still use PMS, which they developed in house. They currently have no plans to adopt Myrddin in its place as they are happy that the PMS system meets their needs.</p>
Time	Myrddin has evolved over many years. There were no clear timeframes for roll-out identified in advance. The system is currently a live project as it is being rolled out in Betsi Cadwaladr University Health Board.

System: Myrddin

Cost	NWIS was not able to identify the total costs of rolling out Myrddin as a national system. NWIS reports that since 2010, there has been a capital investment of £4.1 million in Myrddin, related to licences, hardware and some additional staff costs. NWIS reports the annual running costs of Myrddin are currently £1.4 million.
Quality and functionality	Evidence suggests that the process for making changes and improvements to Myrddin is time consuming and not always well understood by health boards. Some health boards told us that they found the system difficult to use while others did not report this. For example, Cwm Taf Health Board told us that Myrddin was meeting their needs, but they had made a significant investment in their in-house capacity to train staff and deal with queries. From this review and others we have identified that several staff would like to see minor changes made to the system in order to make it more user-friendly or efficient. These changes are either not made or take a very long time to be delivered. In either circumstance, health board staff told us that they were not kept up to date with the progress of their requests or informed when and why they were not taken forward.

Figure 11: System: My Health Online

System: My Health Online	
Key functions	My Health Online (MHOL) is a bilingual NHS Wales website, which allows patients to undertake various health-related tasks and access their personal health information securely via the internet. Currently the system allows patients to book GP appointments and order repeat prescriptions, if both they and their GP practice have registered to do so.
History	<p>The introduction of MHOL was intended to pave the way for the creation of a platform for greater convenience for patients, encouraging empowerment and self-care. It was anticipated it would free up time for both the patient and the NHS and increase patient safety.</p> <p>Originally, it was proposed that patients would be able to access their health records and manage a health diary online, as well as book appointments and order repeat prescriptions. Access to medical records was not developed due to concerns about governance issues. The health diary option was not progressed due to concerns around the risk to patients that they would record information in the diary that required an urgent response, but the GP or practice would not immediately be aware of this and would not therefore respond.</p> <p>NWIS plans to develop the system and increase uptake by making it possible for patients to register online (currently patients have to go to the GP surgery to get a reference number) and developing a smartphone app, although no timetable or budget for delivery has been set out.</p>
Time	The majority of the detailed milestones for rolling out the system were met by 2013. However, the key milestone for rolling out to all GPs took some time but was achieved during 2016.
Cost	The Outline Business Case from 2009 estimated total costs over five years of £8.3 million. However, the scope of the project was reduced in 2011 and costs revised down to £1.7 million over seven years. Actual costs were £2.5 million over eight years.

System: My Health Online

Quality and functionality

A review of MHOL found that GPs were cautious about offering MHOL services for a number of reasons, such as:

- it may disadvantage vulnerable patients who do not have access to the internet;
- it may result in additional workload, for example supporting patients to register and use the system, or increased online ordering of prescriptions;
- potential misuse of the appointments system for example, booking multiple appointments; and
- MHOL does not reflect the way some practices work – for example, not all practices offer advance booking of appointments.

We found similar issues, particularly around incompatibility with existing working practices. For example, many practices operate a triage system to try and control demand, and it was not clear how online appointment booking could run alongside this. GPs we spoke to were concerned that in many areas, the demand for appointments outstrips availability; increasing access to booking systems does not address this issue and may exacerbate it.

Figure 12: System: WLIMS

System: WLIMS	
Key functions	<p>The Welsh Laboratory Information System (WLIMS) is a national application for Pathology Laboratories. The system records patient tests and test results across a number of disciplines: Clinical Haematology; Blood Transfusion; Clinical Biochemistry; Histopathology; Cytopathology; Medical Microbiology; Immunology; Mortuary.</p>
History	<p>The then Minister for Health and Social Services agreed the procurement of a national LIMS in June 2010, to replace 13 separate, outdated systems.</p> <p>Following a procurement process, an independent supplier, InterSystems Corporation, was contracted by NHS Wales to develop and deliver a software product. NWIS oversaw the procurement process and manages the contract.</p> <p>The development and implementation of WLIMS has been difficult. A number of issues were raised with us, including:</p> <ul style="list-style-type: none"> • The amount of work required to standardise procedures nationally was significantly underestimated by NHS Wales. More of this work should have been done in advance of procurement. • There were capacity constraints. Health boards agreed that they would provide resources to help configure the system. Over the course of the procurement, the laboratory services across NHS Wales were restructured which meant that there was much less capacity available. Eventually, NWIS recruited individuals to fulfil this role as the health boards were no longer in a position to do so. Also, NWIS told us that after winning the contract, it took InterSystems longer than anticipated to recruit and train the staff they needed. • Pathology budgets have been under pressure and departments no longer have the additional capacity that they thought they would have to assist in implementation, so health boards have not been able to provide the resources that they originally agreed to. • The national requirements for some modules have changed and become more rigorous over the course of the contract, with the result that systems have required further development to maintain compliance with regulations. • There was a national lead officer for pathology at the time of the procurement but not during much of the implementation phase as the role was not filled when the post holder moved to another job. • Modules were piloted in a smaller health board, but it would have been better to pilot in a larger health board, as they are now discovering that what worked in the pilot area does not cover the broader range of more complex tests undertaken in a larger department.

System: WLIMS

Time	Seven years after the agreement to procure a national system, it is not yet fully rolled-out. The transplantation and immunogenetics, and blood transfusion modules are not in place. The histology module has been rolled out at three health boards and the mortuary module is in place at one health board. The contract expired in July 2017 but NWIS has taken up the option to extend it for three years.
Cost	In 2009, the estimated cost of investment over 10 years was £27.6 million. This includes some maintenance costs as the intention was to implement the system by 2013. NIWS reports that to the end of 2016-17, the costs have been £29.4 million. Delays in implementation have resulted in extra costs. For example, NWIS has covered the costs, totalling £1.4 million, of double running WLIMS and legacy systems until March 2017. Since March 2017, health boards have covered the additional costs of double running.
Quality and functionality	During our fieldwork, health board staff told us that they were not using Deep See, the business intelligence tool, because they felt it did not meet their needs. NWIS told us that from a contractual point of view the functionality had been delivered as per the terms of the contract. Health boards reported to us that the digital dictation system that has been delivered is so difficult to use it has largely been abandoned. Health boards have now agreed to submit a bid to the Welsh Government's Innovation and Technology Fund in order to purchase an off-the-shelf dictation system.

Figure 13: System: Choose Pharmacy

System: Choose Pharmacy	
Key functions	<p>Choose Pharmacy consists of a range of software modules which aim to improve communication between community pharmacies and other areas of NHS Wales. The modules are provided via an electronic platform securely hosted by NWIS.</p> <p>Current live modules are:</p> <ul style="list-style-type: none"> • Common Ailments Service (CAS). A facility for patients to go to a chemist rather than a GP to get advice on minor ailments and still get access to free medicine. • Discharge Medicine Review (DMR). Allows electronic sharing of discharge information from hospitals to pharmacies rather than paper sharing so improved checks can be carried out to ensure patients are being given the correct medicines. • Emergency Medicines Service (EMS). The provision of repeat prescriptions through a pharmacy rather than having to use Accident and Emergency (A&E) or Out of Hours (OOH) services.
History	<p>The project commenced in October 2013 in pilot sites in Cwm Taf and Betsi Cadwaladr University Health Boards, focused on the CAS module. National rollout of the programme (including the additional modules) is now underway with an intention to implement within 50% of pharmacies in Wales by March 2019.</p> <p>The project is intended to free up GP time to deal with patients with the greatest need, reduce the number of medication discrepancies that occur when patients transfer from primary to secondary care and ensure repeat medicine requests are dealt with by pharmacies rather than OOH or A&E services.</p> <p>The EMS module is currently live but without access to the Welsh GP record, so it is not clear how pharmacists will be able to authorise repeat prescriptions. The delay in accessing the GP record is due to concerns over the potential for misuse and viewing records inappropriately. The National Intelligent Integrated Auditing Solution (NIIAS) will be used to regulate and monitor this.</p>
Time	<p>The aim is for 370 sites to be live by March 2018.</p>

System: Choose Pharmacy

Cost	NWIS were provided with £300,000 to develop an IT system to record pharmacist consultations for the CAS module initially in the pilot sites. Funding for £956,000 was secured via the Welsh Government Efficiency Through Technology Fund (ETTF) to support the national roll out which incorporates the additional modules.
Quality and functionality	The Welsh Government published an evaluation of the Choose Pharmacy CAS module in July 2015. It recommended that the Welsh Government, health boards and NWIS needed to work to improve the usability of the IT system developed by NWIS to record details of consultations by pharmacists. A number of pharmacists consistently reported that refinements to the ICT system were required to improve service delivery. Many expressed frustration that despite providing feedback about how to make the system more user-friendly, no amendments had been made and the system remained unnecessarily complex. NWIS reports that many of these concerns have now been addressed.

Appendix 3

NWIS' overall programme of projects

Figure 14: NWIS' overall programme of projects

Project	NWIS description
All Wales Accelerating Cardiac Informatics (AWACI)	This project supports the strategic delivery of 'The Heart Disease Delivery Plan', which sets out actions to improve health outcomes to meet population demands, whilst tackling variation in service accessibility and reducing inequalities in health outcomes.
Betsi Cadwaladr University Health Board Welsh Patient Administration System (BCU WPAS)	WPAS (also known as Myrddin) is one of the six systems we looked at in detail (Appendix 2).
Cancer Informatics Programme	The Cancer Network Information System Cymru (CANISC) is used to support the management and treatment of cancer patients in NHS Wales. The CANISC system has been in use for many years and is now 'end of life'. This Programme will deliver an infrastructure refresh for the current system and also a new Cancer Informatics solution using national systems and architecture.
Child Health	CYPrIS (Children and Young Persons Integrated System) is the redevelopment project of the national child health system. This system will be implemented in Cwm Taf University Health Board first. Implementation to all Welsh sites will follow.
Choose Pharmacy	Choose Pharmacy is one of the six systems we looked at in detail (Appendix 2).
Dental E-Referrals	This project is designed to deliver a proof of concept as outlined within the scope of the dental connectivity project to enable electronic referrals to be processed via the Welsh Clinical Communication Gateway system for oral surgery extraction referrals only. The project will deliver the pilot for the dental e-referrals process within five dental practices in one hospital site within Cwm Taf University Health Board. Oral maxillofacial electronic prioritisation will be processed through the Welsh Administration Portal.

Project	NWIS description
Electronic Transmission of Prescription Claims (ETC)	Electronic Transmission of Claims (ETC) will automate the existing prescription pricing system between community pharmacies in Wales and the Prescribing Services Unit) within NHS Wales Shared Services Partnership.
GMS Systems and Services Procurement	The existing GP IT systems framework agreement, from which the current systems and service are procured, has recently expired. Whilst support will continue until July 2020 there is a requirement to start a new procurement, to enable continuity and further development of General Medical Services (GMS) IT systems.
GP Links Implementation	With the introduction of the new single, national All Wales Pathology Laboratory Information Management System there is a requirement to consolidate the messaging solution to General Practices; this will also include the transmission of radiology reports and other ad hoc information. IUVO Limited and their Clin-eConnect solution is the supplier. The project is in the implementation phase.
GP2GP	GP2GP enables patients' electronic health records to be transferred directly and securely between GP practices.
GP Test Requesting	GP Test Requesting is an NWIS application whereby GPs can electronically request and view test results. The project is in two stages: stage one GP results reporting only, stage two GP reporting and requesting.
Master Patient Index (MPI)	This project provides an enterprise master patient index that links patient identity records across a range of information systems. The result is a single 'gold standard' identity record to be used by new national systems, which will help minimise the number of duplicate records and support health board system mergers.
My Health Online (MHOL) Phase 2	MHOL is one of the six systems we looked at in detail (Appendix 2). Phase 2 involves new functionality being built around online registration, mobile versions and access to medical records.
My Health Text National Implementation	My Health Text is a new service being offered across Wales where all GP practices will be provided with the ability to send SMS messages to patients to remind them about their upcoming appointments and invite them to contact the surgery for seasonal flu vaccinations or regular clinic appointments.
PACS Framework Implementation	PACS is part of the radiology systems we looked at in detail (Appendix 2).

Project	NWIS description
PROMS and PREMS – Phase 1	PROMs (Patient Reported Outcome Measures) and PREMs (Patient Reported experience Measures) is a programme of work take forward patient reported measures within NHS Wales, which includes the development of a technical means to capture PROMs data, utilising existing national NWIS architecture, available to practicing clinicians and for secondary information.
Welsh Care Records Service (WCRS)	This project will build upon existing functionality within the Welsh Clinical Portal to provide a national clinical document repository that can be accessed by WCP users in any health board to view existing documents and to create new documents using eForms. This project will also build and configure the national infrastructure to support roll-out across Wales. The project will progress in conjunction with the Welsh Results Reporting Service (WRRS) for diagnostic reports and the Image Sharing project for images.
Welsh Clinical Communications Gateway (WCCG)	<p>The main objective of the WCCG is to introduce efficiencies and safer working practices around sending electronic clinical communication between healthcare settings across all of Wales.</p> <p>Phase 1 completed the rollout of e-referrals to all health boards from primary care GP practices to secondary care medical records using one generic referral template.</p> <p>Phase 2 will include additional message types (for example clinical and administrative letters and cross border referrals).</p>
Welsh Clinical Communication Gateway Optometry Referrals	The purpose of this project is to improve communication between optometry practices and secondary care by sending electronic referrals.
Welsh Clinical Portal (WCP)	The WCP is a secure health space, uniting key patient information from the different computer systems and databases used in NHS Wales, to support clinical decisions and key tasks. The Portal's current functionality includes patient lists, electronic pathology test requesting and results viewing, radiology reports and image viewing, creation of discharge letters and medicine transcribing, prioritisation of GP referrals, document viewing plus the viewing of the GP summary record in WCP.
Welsh Community Care Information System (WCCIS)	A joint health and social care procurement process has concluded resulting in a call off framework, which all health boards and local authorities in Wales can use for delivering a community information solution for community health staff and social workers. Implementation planning is underway.

Project	NWIS description
Welsh Demographic Service Phase 2	WDS Phase 2 will deliver a Welsh Birth Notification System (WBNS) to replace the English NHS Numbers for Babies (NN4B) service that closed in January 2015.
Welsh Emergency Department System (WEDS)	WEDS is a national emergency department (A&E) system. It is a nationally agreed master services agreement with EMIS Health (formerly Ascribe) which can be called for by health boards as required. NWIS is responsible for hosting the infrastructure, integration with other national systems, co-ordinating implementation projects and managing the national contract.
Welsh Hospital E-Prescribing Pharmacy and Medicines Administration (WHEPPMA)	This project will enable the computerisation of the processes of prescribing, processing, stock control and recording the administration of medicines in secondary care hospitals. It will replace the current paper prescription and administration record chart normally completed for every in-patient as well as discharge and outpatient prescription forms used by clinicians. The project will deliver both an e-prescribing system as well as an integrated replacement pharmacy system.
Welsh Imaging Archive Service (WIAS)	This project is linked to the Welsh PACS Framework roll-out of the Fujifilm PACS system (above). Part of the Fujifilm service is the provision of a central archive called a Welsh Imaging Archive Service (WIAS). The image sharing project is to take forward all aspects of image sharing including the various mechanisms to be used for the retrieval of images from the WIAS.
Welsh Information System for Diabetes Management (WISDM)	The aim of the project is to deliver a diabetes ICT solution for Wales. This will provide a clinical, multidisciplinary record and share information across primary, secondary and community healthcare settings
Welsh Laboratory Information Management System (WLIMS)	WLIMS is one of the six systems we looked at in detail (Appendix 2).
Welsh Patient Referral Service (WPRS)	The Welsh Patient Referral Service (WPRS) covers a number of components. The WAP (Welsh Admin Portal) enables electronic referrals sent by a GP via WCCG to be created seamlessly in hospital patient administration systems. Subsequently, via the Welsh Clinical Portal (WCP) the WAP application generates the necessary information needed for a consultant to prioritise the referral. WCP provides electronic updates back to the WAP and WCCG.

Project	NWIS description
Welsh Radiology Information System 2 (WRIS) mergers	WRIS, also known as RADIS 2 is one of the six systems we looked at in detail (Appendix 2).
Welsh Results Reports Service (WRRS)	The WRRS will provide Welsh Clinical Portal and GP Test Requesting users the ability to view diagnostic reports and requests for their patients, regardless of where in Wales these were produced.

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Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office

22 January 2018

Dear Huw

Auditor General Value for Money examination: Informatics systems in NHS Wales

Thank you for your report into informatics systems in NHS Wales. I appreciate the work that the study team have undertaken on this over the past 18 months.

I am pleased to see that the report recognises that NHS Wales has a clear vision for the electronic patient record in Wales and, while I recognise that we do face some challenges, I am confident that we have made substantial progress, even in the time since your team carried out the review, and will continue to drive improvements in the future.

During early discussions, it was agreed that Welsh Government would respond to the report in two stages. This is to reflect that the scope of the review was wider than the Welsh Government and the NHS Wales Informatics Service (NWIS) and, as such, we need to engage with NHS Wales and ensure our response reflects the wider view; and to recognise that the publication of the Parliamentary Review of Health and Social Care in Wales will also inform our response.

This initial response acknowledges the key findings concerning the difficulties around securing adequate funding to take forward the vision; the need to strengthen prioritisation processes; and the need to review the governance arrangements for NWIS.

We have already had substantial discussions on the key findings of the review with the Director of NWIS and the lead NHS Chief Executive for Informatics and are considering a wider review of the whole informatics governance landscape.

Funding and prioritisation of work are intrinsically linked and therefore, the work on prioritisation and the National Plan, overseen by the NHS Wales Informatics Management Board (NIMB, which is made up of executive members of NHS organisations with responsibility for informatics, representatives of NWIS and senior Welsh Government

officials), is key. It is also clear that this is not just for Welsh Government to consider, as the way funding is allocated within NHS organisations is predominately an NHS issue.

There will be further discussion with NHS Chief Executives and senior Welsh Government officials at the NHS Wales Executive Board on January 30, and members of NIMB are considering what the report means to their organisations, with a substantial item on the report on the agenda for NIMB's meeting on February 15.

Officials are also reviewing the findings of your review alongside the findings of the Parliamentary Review.

All these activities will contribute to a collaborative, informed and comprehensive response to your review that I will provide by March 2.

I am aware that the Public Accounts Committee (PAC) will be considering their response to the report at its meeting on the January 29 and a copy of this letter will be sent to the PAC Chair to facilitate that.

Yours sincerely



Dr Andrew Goodall

cc: Nick Ramsay AM, Chair, Public Accounts Committee
Frances Duffy, Director of Primary Care and Innovation, HSS Group
David Richards, Director of Governance and Performance

**Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol**

**Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group**



**Llywodraeth Cymru
Welsh Government**

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office

6 March 2018

Dear Huw,

Further to my letter of 22 January 2018, here is my full response, informed by wider consultation with NHS Wales.

I would like to repeat my appreciation for your report into informatics systems in NHS Wales and the work that the study team have undertaken on this over the past 18 months.

I am pleased to see that the report recognises that NHS Wales has a clear vision for the electronic patient record in Wales and, while I recognise that we do face some challenges, I am confident that we have made substantial progress, even in the time since your team carried out the review, and will continue to drive improvements in the future.

We acknowledge the key findings concerning the difficulties around securing adequate funding to take forward the vision; the need to strengthen prioritisation processes; and the need to review the governance arrangements for NWIS. The report endorses much of the work that we already have underway.

Recommendation 7 of the Final Report of the Parliamentary Review of Health and Social Care in Wales echoes many of the WAO findings, and as such the actions we take following your report will also be informed by our response to the Parliamentary Review. Our Long Term Plan for Health and Social Care, to be published in the spring of 2018, will set out the steps we will take - and the steps we expect NHS and social care partners to take – to make best use of informatics and digital ways of working more widely.

We welcome the findings of the report and offer the following response to the thirteen recommendations contained within it.

The NHS Wales Informatics Management Board (NIMB) oversees Information Management and Technology (IM&T) in NHS Wales and drives the strategic agenda for a data-driven system, which supports improved access to information and the introduction of new ways of delivering care with digital technologies. NIMB's terms of reference were revised last year. Its purpose was strengthened to hold responsibility for delivering 'Informed Health and Care: the digital health and social care strategy for Wales' (the Strategy). The Strategy sets out the vision to 'transform how the people of Wales, our citizens and staff, embrace modern information technology and digital tools to deliver safer, more efficient and joined-up health and social care services to improve outcomes and experiences of patients and service users'.

NIMB is a Portfolio Board accountable for the delivery of programmes (and projects) established to support the delivery of the Informed Health and Care Strategy (the programmes) and creates an environment where programmes can succeed in delivering the changes necessary for the benefits to be realised.

NIMB provides assurance and advice to Welsh Government, and reports directly in to the NHS Wales Executive Board on all aspects of IM&T.

Recommendation 1 The vision for informatics of incrementally creating an electronic patient record is clear and had a clear rationale when it was first set following the 2003 strategy. However, the informatics market and community have moved on significantly since then. The Welsh Government, working with NWIS and NHS bodies, should review the informatics market to test whether it offers new opportunities to achieve the aims of the Strategy.

Accept – Welsh Government will commission a review of our approach to infrastructure and system design as part of the NHS Wales Informatics Management Board (NIMB) forward workplan for the coming year. This will include developing an understanding of what is currently available on the market and best practice.

Recommendation 2 NHS Wales has set up a task and finish group to seek to clarify the meaning of the 'Once for Wales' approach to developing and rolling out informatics systems. The Welsh Government, working with NWIS and NHS bodies, should:

- a. clearly define the balance and respective responsibilities between national systems led by NWIS and locally led systems;
- b. ensure that national and local implementation plans are updated to reflect any implications for the funding, development and roll-out of informatics systems of the clarified approach to Once for Wales; and
- c. prioritise the development of a set of common standards to ensure that systems procured or developed locally are compatible with other local systems and the national systems.

Accept - NIMB has agreed a definition for 'Once for Wales' and for a list of services and functions best suited to the approach, to be mandated. The balance and respective responsibilities between local and national systems will be considered further as part of the review work described in our response to Recommendation 1, and will inform local and national plans.

A 'Welsh Technical Standards Board (WTSB)' will be established by May 2018 and will focus on technical Interoperability standards. The Board will work in conjunction with the Welsh Information Standards Board which has responsibility for data and Information standards. Together, these two Boards will oversee the delivery and maintenance of a catalogue of standards and requirements to enable integration and interoperability across all health and care systems.

Recommendation 3 We found that the NHS has not set clear priorities for informatics. The Welsh Government, NWIS and NHS bodies should agree a clear and achievable set of priorities for national informatics and resist adding new priorities without either deprioritising something else or adding new resources.

Accept – As I highlighted in my initial response and through the clearance of the report, we have already developed an improved prioritisation process to best use the available funding and support various systems. In its April meeting NIMB will consider a short term, prioritised National Plan for the next year. Welsh Government will commission NIMB to continue the prioritisation work, taking into account the Parliamentary Review's recommendation to "stop, start and accelerate". The National Plan will include a process, overseen by NIMB, to review in-year priorities, and NIMB will advise the NHS Executive Board and Welsh Government on prioritisation and investment decisions.

Recommendation 4 Many of the issues and concerns about barriers to progress that we found during our fieldwork have long been recognised. The Welsh Government, NHS bodies and NWIS should produce an open and honest assessment of what has worked and what has not so far and produce a clear and jointly owned plan for overcoming the known barriers to progress. These documents should be in the public domain so that NHS staff can see that their concerns have been recognised and are being addressed.

Accept – As part of our reviews into infrastructure and system design (Recommendation 1) and governance (Recommendation 6), Welsh Government will consider our approach to service and system development and delivery. This will include an assessment of progress to date and how barriers to progress can be overcome, and will be taken forward as part of NIMB's forward workplan for the coming year.

Recommendation 5 We found that there is considerable scope to strengthen national and local leadership on informatics across the NHS. The Welsh Government should:

- a. work with NHS bodies to develop options for strengthening representation of informatics at board level, including reviewing the merits of a board level Chief Clinical Information Officer (or equivalent) role;
- b. work with NHS bodies to develop a clear action plan for the development of a cadre of senior clinician-informatics staff, in line with the recommendations of the Wachter review in England; and
- c. identify opportunities to strengthen the informatics voice at the most senior level in the Department for Health and Social Services, including reviewing whether and if so, how to strengthen the roles of the NHS Wales Chief Information Officer and Chief Clinical Informatics Officer in NHS Wales' strategic decision-making process.

Accept - The structure and membership of NHS Boards, including having the right skills and experience at Board level, is being developed further in light of the responses received during the consultation on the 'Services Fit for the Future' White Paper. The role of Chief Clinical Information Officers is already being established in many NHS organisations. A Chief Clinical Information Officer development programme and network is being formally launched by the Chief Executive of NHS Wales in March 2018. Leadership roles and skills requirements across the whole Welsh health informatics system will be considered as part of the Governance Review described under recommendation 6.

Recommendation 6 We found that the governance arrangements for overseeing and challenging NWIS are weak. While the Welsh Government has written to Velindre NHS Trust requiring it to strengthen governance arrangements for NWIS, we consider that the Welsh Government should carry out a wider appraisal of options to strengthen governance and oversight of NWIS. The final arrangements should ensure that:

- a. there is independent scrutiny of performance and progress;
- b. there is greater transparency, with papers and minutes of discussions placed in the public domain; and
- c. there are clear lines of accountability between NWIS and the Chief Executive of NHS Wales and the Cabinet Secretary.

Accept - Welsh Government will establish a programme of work to consider the governance model required for delivering informatics that effectively supports Wales-wide digital transformation to enable safer, higher quality and effective patient care, informed by our response to the Parliamentary Review, and our development of the Health and Social Care Plan to be published in spring. This review will consider appropriate scrutiny and transparency, together with overall governance and accountability.

Recommendation 7 We found that the progress reports that NWIS produces for the Welsh Government and the public do not provide a complete or balanced picture. The Welsh Government should work with NWIS to improve the reporting of performance to tell a more balanced story of what is going well, where there are difficulties and why. Performance reporting should include information about progress against initial project plans, user satisfaction and concerns

Accept - Progress reporting to NIMB has recently improved, and Welsh Government has commissioned NWIS to deliver further improved reports during the spring 2018.

Recommendation 8 The Welsh Government needs to decide whether and how to provide the additional funding that NHS bodies and NWIS have estimated is required to deliver the vision for an electronic patient record. The Welsh Government should carry out a full cost-benefit analysis of the proposed investment, including the extent to which financial savings from new systems may enable funding to be redirected from existing services to invest in new informatics systems.

Accept - Welsh Government will undertake a robust assessment of the investment required and predicted business benefits, and together with NWIS and Finance Directors evaluate alternative funding models and savings opportunities. This will be informed by the outcome of the review of our approach to infrastructure and system design described in our response

to Recommendation 1, and the ongoing work on prioritisation being led by NIMB (Recommendation 3).

Recommendation 9 Despite some recent progress, there remains scope for better integration of medium term financial planning of informatics across the NHS. The Welsh Government, working with NHS bodies and NWIS, should set out clear and agreed medium term funding plans for local and national ICT programmes. This should involve NHS bodies and NWIS working together before NHS bodies complete the first draft of their rolling three-year plans. It should also take account of any future decision on funding required to deliver the strategy.

Accept - Integrated Medium Term Plans (IMTPs) are now well established, and for the first time, we have Strategic Outline Programmes (SOPs) from each NHS organisation, outlining their priorities and investment for Informatics. This is in line with guidance issued by Welsh Government on describing digital developments within both IMTPs and SOPs. NWIS engages with other NHS organisations as part of the IMTP planning process, and also through regular account management meetings. The collaborative development of the National Plan is also contributing to more focused planning.

Recommendation 10 NWIS is increasingly using the Agile approach to software development. There are potential benefits to this approach in terms of timeliness and quality, but the approach relies on deep engagement with clinicians and other end users, which has often been difficult to secure. NWIS and NHS bodies should work together to:

- a. strengthen the relationship between developers and clinicians, particularly in designing and testing new systems and functions, so that there is a better collective understanding of what is wanted and what is possible; and
- b. engage with managers to identify their information needs as well as the needs of clinicians.

Accept – User engagement through the whole lifecycle of system development is a key principle of good digital design. The creation of clinical informaticians (see response to Recommendation 5) within NHS organisations, provides a link between clinicians and developers, and will develop the skills required to support agile working and better stakeholder and user engagement. Stakeholder engagement will also be considered as part of our reviews into infrastructure and system design (Recommendation 1) and governance (Recommendation 6), and through our ongoing work on the Strategy delivery programme.

Recommendation 11 NWIS is developing but does not yet have a full workforce plan, and reports that it struggles to recruit and retain senior developer staff due to competition from the private sector. The Welsh Government, NWIS and NHS bodies should work together to explore options to secure the experienced ICT staff and developers that NWIS needs within the context of a comprehensive workforce plan for NWIS and taking account of the ICT staff available to NHS bodies.

Accept - This issue is wider than just within NWIS. The inability to recruit and retain ICT staff is an issue across the wider public sector. The creation of Health Education and Improvement Wales (HEIW) in April 2018, together with the recently-established Welsh Institute of Digital Innovation (in collaboration with University of Wales Trinity St David) will

help to secure and retain the level of skills required, as will improved links with other public sector partners, for example Office for National Statistics, and identifying private sector opportunities.

Recommendation 12 We found that there is a lack of clarity as to responsibility for delivering the intended benefits of national informatics systems and a lack of monitoring.

The Welsh Government, NHS bodies and NWIS should work together to ensure that:

- a. there is a clear allocation of responsibility for achieving the benefits; and
- b. there are clear responsibilities and processes in place for monitoring and reporting progress in delivering those benefits.

Accept - NIMB, through the Planned Future workstream of the Strategy Delivery Programme, has developed a common framework for describing and quantifying benefits. Further work is underway to review the existing NWIS benefits identification toolkit and register and to identify potential improvements to benefits ownership, quantification and realisation. Work is also already underway on improving the Business Case process, which will deliver better benefit and benefit ownership identification and realisation in line with this framework.

Recommendation 13 We found that many staff in the NHS are frustrated with some of the functionality and quality of national informatics systems. NWIS has a process for updating national systems, but there are concerns about the slow pace and lack of feedback and the Change Advisory Boards themselves could function more effectively. NWIS should review its process for managing change requests and where necessary make changes to:

- a. provide clearer feedback to the service about how their requests have been dealt with and whether and when any changes can be expected;
- b. remain open to minor changes that could have a significant impact in improving end users' use and perception of the systems; and
- c. provide clearer agendas and work programmes for the Change Advisory Boards to make them more focussed on enabling impactful improvements to systems.

Accept – Welsh Government has written to NWIS to ask them to work in partnership with their stakeholders to review their process for managing change requests. Progress on this will be monitored by Welsh Government through monthly meetings with the NWIS Director. Our reviews into infrastructure and system design (Recommendation 1) and governance (Recommendation 6) will help to address this recommendation.

Yours sincerely



Dr Andrew Goodall

cc: Nick Ramsay AM, Chair, Public Accounts Committee
Frances Duffy, Director of Primary Care and Innovation, HSS Group
David Richards, Director of Governance and Performance

Agenda Item 5

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

Document is Restricted

22 February 2018

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Housing Adaptations



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the
Public Audit (Wales) Act 2004.

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Summary report

User satisfaction with housing adaptations masks a hugely complicated, reactive and inequitable system that is not delivering for all those who may need it, and public bodies are not taking opportunities to improve value for money

- 1 With an expanding population of older people, public bodies – Welsh Government, local authorities and housing associations – need to ensure they provide housing for older and disabled people to both to allow them to live a healthy and active lifestyle, but to also continue to contribute to society and the economy. Part of achieving this is to ensure both the development of new specialist housing, such as SMART homes¹, and also making better use of the existing housing stock through adaptations.
- 2 Adaptations are intended to change disabling environments in order to restore or enable independent living, privacy, confidence and dignity for individuals and their families. Adaptations are not just about the provision of equipment or modifying a dwelling, but providing an individualised solution to the problems of people experiencing a disabling environment². Adaptations can range from relatively inexpensive items such as ramps and handrails to largescale extensions with specialist equipment. A suitable, well-adapted home can make the difference to someone's ability to live well and independently. Adaptations offer an efficient and effective way of making the best use of resources in the current climate of financial constraints.
- 3 Increasingly, adaptations are recognised as key to delivering better outcomes for health services as opposed to solely being the domain of housing and social care. In meeting the future challenges of a rapidly ageing society and in addressing any potential care gap that could arise, adaptations will increasingly be an important contribution in complementing personal care. To achieve the necessary improvement requires public bodies to work seamlessly and provide joined-up services that respond to need and deliver timely, cost effective solutions.

1 Smart Homes use electronic networking technology to integrate various devices and appliances found in most homes, plus building environment systems more common in offices, so that the entire home can be controlled centrally or remotely in its entirety. This technology offers the prospect of significant improvements in the living standards of older and disabled people who, without automated support, would be reliant on home care.

2 This approach is often referred to as reflecting the social model of disability.

- 4 This review has focussed on assessing whether public bodies with responsibilities for delivering housing adaptations in Wales have an effective strategic approach to housing adaptations that delivers value for money and assures the continued wellbeing of older and disabled people. Our study methods are set out in [Appendix 1](#). These include audit fieldwork at five local authorities and four housing associations; a commissioned survey of citizens who have received adaptations; a detailed analysis of data and expenditure on current services; website and document reviews; and interviews with a range of national organisations. Based on the findings of this review, the Auditor General has concluded that user satisfaction with housing adaptations masks a hugely complicated, reactive and inequitable system that is not delivering for all those who may need it, and public bodies are not taking opportunities to improve value for money.

Summary of our findings

- 5 Roughly 70 organisations deliver adaptations in Wales, every year collectively spending approximately £60 million and assisting over 32,000 people. The funding arrangements for adaptations is complex and has helped to create an inefficient delivery system. One of the consequences of this complexity is that people with similar needs often receive very different standards of service simply because of where they live and which public body provides the adaptation.
- 6 The majority of public bodies with responsibility for adaptations – local authorities, housing associations and Care and Repair agencies (‘delivery organisations’) – have seen demand for adaptations increase in recent years and expect this trend to continue. Census data³ highlights that a higher proportion of the Welsh population consider themselves to be in poor health than is the case in England. Welsh Government projections⁴ anticipate that the number of people in Wales who will experience mobility problems and difficulties undertaking daily domestic tasks will increase significantly in the next 20 years.

3 Office for National Statistics, **General Health in England and Wales: 2011 and comparison with 2001**, January 2013

4 Taken from Daffodil, a web-based system developed by the Institute of Public Care for the Welsh Government which pulls together in one place the information needed to plan care, support and housing services over the next 20 years for children, adults and older people.

- 7 The speed and efficiency of the provision of adaptations can make the difference between disabled or older people staying in the comfort and security of their own homes or moving into specialist or residential care. However, assessment processes are neither streamlined nor efficient and often contribute to delays. The lack of co-ordination between delivery organisations, interruptions due to problems arising from the unavailability of staff or funding, and poor standards of communication characterise the experience of a small number of service users.
- 8 Most public bodies recognise how adaptations can reduce the risk of falls and other accidents in the home and prevent hospital admissions and speed up discharge. However, health professionals often find the different local-authority and housing-association systems for administering, approving and delivering adaptations difficult to navigate. Complex delivery arrangements reduce the opportunities for health bodies to make better use of adaptations.
- 9 Given the wide number of routes available to access adaptations, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. However, many authorities and housing associations do not have application processes that consistently and effectively meet the needs of people. Accessible information in a range of appropriate formats, such as large fonts for visually impaired users or audio versions for people with hearing difficulties, is often unavailable.
- 10 Delivery organisations must balance carrying out building works quickly to meet the needs and wishes of the disabled or older person, and ensuring value for money in terms of cost and quality. Most local authorities, housing associations and Care and Repair agencies have established appropriate processes to oversee and manage performance of those carrying out building work, most usually through regular meetings and dialogue in respect of individual grants. However, few delivery organisations are working strategically with contractors to streamline and improve performance, and current arrangements for contracting builders have some shortcomings. In addition, delivery organisations do not always have effective arrangements to monitor, review and evaluate the performance of builders and contractors in delivering individual grants.

- 11 Whilst public bodies are clear on the role of their housing-adaptation services in changing the home environment to enable or restore independent living, there are opportunities to better address needs and avoid and reduce demand and costs in health and social care services. Few delivery organisations have comprehensive and integrated Housing Renewal Policies that link decisions on investment with better use of existing adapted housing. Policies are often property focussed rather client focussed, and rarely make the strategic link to other organisations and the wider needs of disabled and older people.
- 12 Delivery organisations do not always take a ‘whole resources’⁵ view of their adaptations work and consider the availability and use of all monies from all delivery organisations within an area. Only seven local authorities pool funds with Care and Repair and no pooling of funding takes place between local authorities and housing associations. A small number of local authorities have developed integrated approaches to housing adaptations drawing together grants, building surveyors and Occupational Therapists into single teams. However, too many organisations work in isolation focussing on their individual responsibilities, rather than working collaboratively to better address people’s housing and health needs.
- 13 Nevertheless, approximately three-quarters of people we surveyed who recently received housing adaptations have a positive experience with their housing adaptations. Just over 90% are satisfied with the time taken to deliver their adaptations, and the majority felt the work to their home allowed them to undertake everyday tasks, improving both their confidence and independence. Generally, owner-occupiers are more satisfied than those who rent from housing associations, but most disabled and older people we surveyed had little influence or choice in the adaptations made to their home.

5 By whole resources, we mean all the resources available for all public bodies providing adaptations in a defined local-authority area

- 14 Accountability and transparency in delivery of adaptations have long been poor⁶. Despite the different sources of funding for housing adaptations, only performance in respect of local-authority Disabled Facilities Grants is publicly reported. However, by only reporting performance on Disabled Facilities Grants, the Welsh Government is currently only publishing data that covers 55% of all expenditure on adaptations and 14% of those disabled and older people who receive adaptations. The Welsh Government collates some performance data from housing associations and Care and Repair agencies but does not make this information available to the public. Weaknesses in current oversight arrangements mean that effective scrutiny to understand the efficiency and impact of the 'whole' adaptation system is not possible. This makes it difficult to judge how well organisations are performing and the positive impact of adaptations on disabled and older people's lives.
- 15 The Welsh Government is seeking to address some of these gaps by introducing new systems to monitor and report performance in delivering housing adaptations (the 'Enable' review). Whilst this addresses some of the long-standing weaknesses in current arrangements, gaps remain. Monitoring continues to focus too much on the mechanics of delivering adaptations and not enough on impact, wellbeing and the wider benefits of each public body's investment. Despite highlighting equality as a key policy objective, we found that few delivery organisations collect and evaluate a sufficient range of data to demonstrate and ensure fair access to services.

6 For example, Welsh Government, **Review of Housing Adaptations including Disabled Facilities Grants – Wales: A Report by Chris Jones For the Housing Directorate**, March 2005; and Welsh Government Social Research (on the Shelter Cymru website), **A Review of Independent Living Adaptations**, January 2015

Recommendations

16 Our work has identified a series of recommendations for improvement and these are set out below.

Recommendations for improvement

Recommendations

- R1 There are many sources of funding and policies for adaptations, which results in disabled and older people receiving very different standards of service (paragraphs 1.5 to 1.9). To address these discrepancies **we recommend that the Welsh Government set standards for all adaptations to ensure disabled and older people receive the same standard of service irrespective of where they live, who their landlord is and whether they own their own home.**
- R2 Most public bodies are clear on how their work on adaptations can positively impact on disabled and older people, and have set suitable aims that provide focus for action. For adaptations, having the right strategic goals also establishes a clear basis for decision-making on who should be prioritised for services and how and where to use resources. However, we found that current policy arrangements have a number of deficiencies and public bodies are not maximising the benefit of their investment (paragraphs 3.8 to 3.15). **We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to strengthen their strategic focus for the provision of adaptations by:**
- **setting appropriate strategic objectives for adaptations that focus on wellbeing and independence;**
 - **improving the quality of information on the demand for adaptations by using a wide range of data to assess need including drawing on and using information from partners who work in the local-authority area; and**
 - **linking the system for managing and delivering adaptations with adapted housing policies and registers to make best use of already adapted homes.**

Recommendations

- R3 Ensuring that all those who might need an adaptation have all the information they need in order to apply for and receive an adaptation is important. Good-quality and accessible information is therefore essential for delivery organisations to demonstrate fair access and transparency. However, we identified weaknesses in the quality and coverage of public information relating to housing adaptations ([paragraphs 2.6 to 2.15](#)). **We recommend that delivery organisations provide information on housing adaptations in both Welsh and English, and accessible formats including braille, large fonts, audio versions and other languages. Information should be promoted widely via a range of media including social media, websites and published information, and also through key partners. Preferably, information should be produced jointly and policies aligned between delivery bodies to improve coverage and usage.**
- R4 Given the wide number of routes into services, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. However, we found that the processes used by delivery organisations vary widely and often create difficulties for disabled and older people seeking assistance ([paragraphs 2.16 to 2.19](#)). **We recommend that delivery organisations streamline applications by creating single comprehensive application forms covering all organisations within a local-authority area that are available via partners and online.**
- R5 Delivery of adaptations can be delayed by a variety of factors ([paragraphs 2.20 to 2.33](#)). To improve timeliness in delivery **we recommend that:**
- **the Welsh Government reviews whether local authorities should continue to use the means test for Disabled Facilities Grants (DFGs);**
 - **local authorities provide or use home improvement agency services to support disabled and older people to progress their DFG applications efficiently;**
 - **delivery organisations work with planning authorities to fast track and streamline adaptations that require approvals;**
 - **delivery organisations use Trusted Assessors to undertake less complex adaptation assessments; and**
 - **the Welsh Government streamlines its approval processes for Physical Adaptation Grants (PAGs).**

Recommendations

R6 Most local authorities, housing associations and Care and Repair agencies have established processes to appoint, oversee and manage builder and/or contractor performance. However, we found wide variations in how delivery organisations arrange, contract and deliver building works ([paragraphs 2.37 to 2.44](#)). **We recommend that delivery organisations:**

- **introduce formal systems for accrediting contractors to undertake adaptations. These should include:**
 - standards of customer care such as keeping to appointments, keeping the site tidy, controlling noise etc;
 - vetting of financial standing, tax and VAT status;
 - promoting good health and safety practices;
 - requiring the use of warranty schemes;
 - ensuring that adequate insurance is held; and
 - requiring references.
- **use framework agreements and partnered contracts to deliver adaptations.**
- **address weaknesses in the contracting of adaptations, updating Schedule of Rates used to tender work and undertaking competitive tendering to support value for money in contracting.**
- **develop effective systems to manage and evaluate contractor performance by:**
 - setting an appropriate range of information to judge performance and delivery of works covering timeliness of work; quality of work; applicant/tenant feedback; cost of work (including variations); health and safety record; and customer feedback;
 - regularly reporting and evaluating performance to identify opportunities to improve services; and
 - providing formal feedback to contractors on their performance covering key issues such as client satisfaction, level and acceptability of variations, right first-time work, post-inspection assessment and completion within budget and on time.

Recommendations

- R7 Maximising impact and value for money in provision of adaptations requires effective joint working between housing organisations and health and social care services to ensure the needs of often very vulnerable people can be met, and their quality of life improved. However, our findings highlight that delivery organisations continue to have a limited strategic focus on adaptations, concentrating on organisational specific responses rather than how best collectively to meet the needs of disabled or older people (paragraphs 3.16 to 3.21). **We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to develop and improve joint working to maximise both take-up and the benefits of adaptations in supporting independence by pooling of resources, co-locating staff and creating integrated delivery teams.**
- R8 Most public bodies recognise the value of adaptations in reducing the risk of falls, preventing hospital admissions and speeding up discharge from hospital. However, the importance of adaptations is not always reflected in local partnership arrangements and outside of Occupational Therapists, health professionals noted that the different local-authority and housing-association systems for administering, approving and delivering adaptations are difficult to navigate (paragraphs 3.22 to 3.24). **To enhance take-up and usage of adaptations with health bodies we recommend that delivery organisations jointly agree and publish joint service standards for delivery of adaptations within each local-authority area. The service standards should clearly set out how each agency approaches delivery of adaptations and how they will provide services to ensure people know what they are entitled to receive. Service Standards should:**
- be written in plain accessible language;
 - be precise about what people can and cannot expect to receive;
 - be produced collaboratively to cover all adaptations services within an area;
 - set out the eligibility for the different funding streams, application and assessment processes, timescales and review processes; and
 - offer the viable options and alternatives for adaptations including linking with adapted housing registers to maximise use of already adapted homes.

Recommendations

- R9 Having the right performance indicators and regularly reporting performance against these are important for public bodies to manage operational performance, identify areas of improvement and evaluating the positive impact of services. We found that the current range of performance indicator data is extremely limited and not sufficient to enable a full evaluation of performance (paragraphs 4.5 to 4.20). **To effectively manage performance and be able to judge the impact of adaptations, we recommend that the Welsh Government and delivery organisations:**
- **set appropriate measures to judge both the effectiveness and efficiency of the different systems for delivering adaptations and the impact on wellbeing and independence of those who receive adaptations;**
 - **ensure delivery organisations report against their responsibilities in respect of the Equalities Act 2010;**
 - **ensure performance information captures the work of all delivery organisations – local authorities, housing associations and Care and Repair agencies; and**
 - **annually publish performance for all delivery organisations to enable a whole systems view of delivery and impact to support improvement to be taken.**

Part 1

The current system for delivering adaptations reinforces inequalities for some disabled and older people, and addressing need is complicated by the different sources of funding



- 1.1 People who need a housing adaptation can access the funding for such adaptations based on their housing tenure. The key organisations who deliver housing adaptations in Wales are as follows:
- 22 local authorities;
 - 22 traditional housing associations;
 - 11 Large Scale Voluntary Stock Transfer (LSVT) housing associations; and
 - 13 Care and Repair agencies.

(Appendix 2 sets out the definitions for housing associations, LSVT associations and Care and Repair agencies and their coverage in Wales).






- 1.2 As well as different delivery organisations with responsibilities for providing adaptations, the funding programmes used vary widely. In this section of the report, we consider the complexity of current funding arrangements, the levels of expenditure and the numbers of people assisted, highlighting some significant inequities in how adaptations are paid for and made available.

National and local policy choices have resulted in an overly complicated system which reinforces, rather than addresses, inequality in provision of adaptations

- 1.3 In total, there are five different funding streams used by delivery organisations, as well as monies invested by individual people who require an adaptation. The different funding streams are as follows (Appendix 3 summarises the major policy elements of each of these funding streams):
- Disabled Facilities Grants (DFGs) for owner occupiers, private rented tenants/landlords and some social housing tenants
 - Physical Adaptation Grants (PAGs) for tenants of traditional and community based housing associations
 - Rapid Response Adaptation Programme for owner occupiers and private rented tenants/landlords
 - Adaptations for local-authority and LSVT housing-association tenants funded from their maintenance programmes
 - Adaptations for some housing-association tenants funded by their landlord from their maintenance programme to supplement PAGs

- 1.4 In **Exhibit 1** below, we set out who is eligible for receipt of funding under each of the different funding schemes and the current coverage across Wales.

Exhibit 1: current provision of adaptations by funding, tenure and landlord in Wales in 2015-16 and 2016-17

Tenure	Disabled Facilities Grants 	Housing Revenue Account funding of adaptations to local-authority housing ⁷ 	Physical Adaptation Grants 	Rapid Response Adaptation Programme 	Landlord use of own resources 
Owner occupier	● (provided by all 22 authorities)	●	●	● (provided in all 22 authorities)	●
Tenant of a local authority	● (provided in 2 of 11 local-authority areas)	● (provided by all 11 local authorities)	●	●	●
Tenant of an LSVT housing association	● Provided in 6 of 11 local-authority areas	●	●	●	● (provided by all 11 LSVT associations)
Tenant of traditional housing association	●	●	● (provided by all 22 housing associations)	●	● (provided in 10 of 22 housing associations)
Tenant of a private rented landlord	● Provided in 20 of 22 local-authority areas	●	●	● (provided in all 22 authorities)	— Not collected

Source: Wales Audit Office survey of local authorities, housing associations and Care and Repair agencies.

⁷ Local authorities are required to record all income and expenditure in relation to a local authority's own direct provision of housing within the Housing Revenue Account.

- 1.5 The complexities of the current funding regime with different grants, funding sources and recipients are partly a reflection of the choices taken and judgements made on how public bodies will address and meet the needs of disabled or older people. These are policy decisions set out in legislation, in terms of who is eligible to receive funding for DFGs, the Welsh Government policy in respect of PAGs and the Rapid Response Adaptations Programme, and also the delivery organisations responsible for delivering adaptations where elements of local discretion exist. Previous reviews of housing adaptations⁸ highlight that the infrequency of Welsh Government guidance to local authorities, since the Regulatory Reform Order 2002, has led to a stark variation in local determination and service provision. The result is a wide variation in systems, policies and approaches across Wales that is resulting in disabled and older people receiving very different services depending upon where they live, who delivers the adaptation, and whether they own or rent their home.
- 1.6 We found that 18 of the 22 authorities have revised their DFG policies and delivery systems to reflect the flexibilities provided by the 2002 Regulatory Reform Order. For instance, through our fieldwork we identified that local authorities have used the 2002 Regulatory Reform Order to fast-track processes for adaptations valued at less than £5,000 with no means test. Powys County Council for instance operates low-value and less-complex adaptation schemes in partnership with Care and Repair agencies to speed up and streamline delivery of minor works. In addition, six of the 11 local authorities who have transferred their social-housing stock to a housing association, and two of the 11 local authorities who retain their social housing stock, permit applications for DFG funding from these social-housing landlords. In these cases, the LSVT and local-authority landlord are required to comply with the local authority's Housing Renewal Policy standards. Twenty of the 22 local authorities also fund DFG adaptations to private-rented properties.
- 1.7 In addition, a number of local authorities deal with adaptation works very differently for local-authority tenants and for homeowners. For example, we found different systems in place for engaging with builders, specifying works, overseeing the performance of contractors and the speed of delivery for works to local-authority housing tenants and owner-occupiers receiving DFGs, despite officers working within the same teams (see **Part 3** below for further details). Because organisations lack measurable service standards for adaptations, disabled and older people with similar needs often receive a very different quality of service.

8 For example, Welsh Government, **Review of Housing Adaptations including Disabled Facilities Grants – Wales: A Report by Chris Jones For the Housing Directorate**, March 2005; and Welsh Government Social Research (on the Shelter Cymru website), **A Review of Independent Living Adaptations**, January 2015

- 1.8 Occupational Therapists who responded to our survey noted particular weaknesses in respect of adaptations delivered by stock-transfer housing associations. They noted inconsistencies and gaps in the range, detail, and quality of information and advice, particularly regarding entitlement and changes to eligibility criteria. In particular, a small number of stock-transfer associations encourage disabled or older people who need housing adaptations to move to an adapted property (which may not always be immediately available), or remain in their existing home and wait until a suitable adapted property becomes available.
- 1.9 The current configuration of delivery and eligibility for housing adaptations means that people's access to adaptations depends upon their tenancy status and the local-authority area they live in, rather than on need. A further confusion is that whilst the legislation determines the work of local authorities in respect of delivering DFGs and Welsh Government guidance to housing associations about the delivery of PAGs, the adaptations to a local authority's own housing stock can take place outside of the legislation and PAG guidance does not apply to the 11 LSVT housing associations. Each of the local-authority and LSVT landlords determine the adaptations work undertaken to their rented housing and how they will deliver adaptations for their tenants, although they can also apply for DFGs as well. The main consequence of these policy decisions is that people with similar needs receive a different response.

Adaptations are delivered by a large number of organisations who annually assist around 32,000 people, but spending on adaptations in real terms is static and delivery is complicated by the different sources of funding

- 1.10 Funding for housing adaptations comes from a number of different sources, including the Welsh Government, landlords' own resources and local-authority capital programmes. **Exhibit 2** overleaf shows that whilst the amount of funding invested in adaptations has marginally increased, rising from £58.7 million in 2013-14 to £60.3 million in 2015-16, in real terms, expenditure remains static. In addition, some health bodies are funding adaption work. Cardiff and Vale University Health Board provided £1,255,196 in 2016-17 towards the cost of adaptations work undertaken by local authorities in their area. In addition, Abertawe Bro Morgannwg University and Cwm Taf health boards provided monies to Care and Repair; £249,679 in the former case and £36,571 in the latter case.⁹ Outside of this funding, no other health body provides resources to support adaptation work in their community.

⁹ Information collated as part of the Wales Audit Office review of discharge planning.

1.11 All delivery organisations providing funds for adaptations have increased how many people receive adaptations in the last three years, with the number of people assisted rising by 11.7%, from 28,594 in 2013-14 to 31,941 in 2015-16. The bulk of people assisted receive minor adaptations provided by Care and Repair rather than larger refurbishments to their home. The Rapid Response Adaptations programme delivered by Care and Repair accounts for roughly 50% of all works undertaken in any single year. Our research shows that there are a large number of delivery organisations with responsibilities for funding housing adaptations with 68 different bodies providing adaptations using five different sources of funding. There are significant variations in the different sources of funding. Local-authority funding of DFGs has remained static; traditional housing-association funding and local-authority spending on their own housing stock has increased; LSVT associations and Care and Repair funding has decreased.

Exhibit 2: cash and real-terms expenditure on adaptations, the basis for delivery organisations' funding and number of households assisted by delivery organisations between 2013-14 and 2015-16

The exhibit shows that funding of adaptations is complex with a large number of organisations with responsibilities for delivering work who operate largely independent of each other. The amount spent in real terms has remained static and delivery bodies are assisting more people.

Source of funding		2013-14	2014-15	2015-16	Percentage change over three years
Disabled Facilities Grants taken from the local-authority Capital budget	Amount spent in cash terms	£32,700,271	£32,726,068	£33,502,054	2.4%
	Amount spent in real terms	£33,408,191	£32,950,461	£33,502,054	0.3%
	Numbers assisted	4,393	4,306	4,454	1.4%
Local-authority Housing Revenue Account funding for adaptations to local-authority housing	Amount spent in cash terms	£9,728,758	£9,357,702	£10,224,936	5.1%
	Amount spent in real terms	£10,137,819	£9,609,963	£10,224,936	0.8%
	Numbers assisted	3,847	3,702	4,138	7.5%
Traditional housing associations Physical Adaptation Grants provided by the Welsh Government	Amount spent in cash terms	£6,259,088	£7,176,503	£7,900,051	26.2%
	Amount spent in real terms	£6,394,589	£7,225,710	£7,900,051	23.5%
	Numbers assisted	1,422	1,407	1,686	18.5%

Source of funding		2013-14	2014-15	2015-16	Percentage change over three years
Traditional housing associations' own resources used to fund adaptation works	Amount spent in cash terms	£129,726	£179,735	£224,482	73%
	Amount spent in real terms	£130,616	£180,968	£224,482	71.8%
	Numbers assisted	541	608	586	8.4%
Large Scale Voluntary Transfer housing associations – own resources used to fund adaptations	Amount spent in cash terms	£7,809,577	£6,890,873	£6,460,578	-17.2%
	Amount spent in real terms	£7,978,644	£6,938,121	£6,460,578	-19%
	Numbers assisted	4,386	4,396	4,656	6.1%
Rapid Response Adaptation Programme provided by the Welsh Government	Amount spent in cash terms	£2,074,312	£2,023,800	£2,036,727	-1.8%
	Amount spent in real terms	£2,119,218	£2,037,676	£2,036,727	-3.9%
	Numbers assisted	14,005	17,739	16,421	17.2%
Total	Amount spent in cash terms	£58,701,732	£58,354,681	£60,348,828	2.8%
	Amount spent in real terms	£60,169,077	£58,942,899	£60,348,828	0.3%
	Numbers assisted	28,594	32,158	31,941	11.7%

Source: Wales Audit Office analysis of Council Revenue Outturn data; data submitted by housing associations to the Welsh Government; Care and Repair spend data from the Welsh Government; and individual organisation returns as part of a Wales Audit Office survey. Housing-association data includes returns from 10 of the 11 Large Scale Voluntary Transfer housing associations. Only 10 of the 22 traditional housing associations who receive Physical Adaptation Grants provided data on how much of their own money is invested in adaptation works.

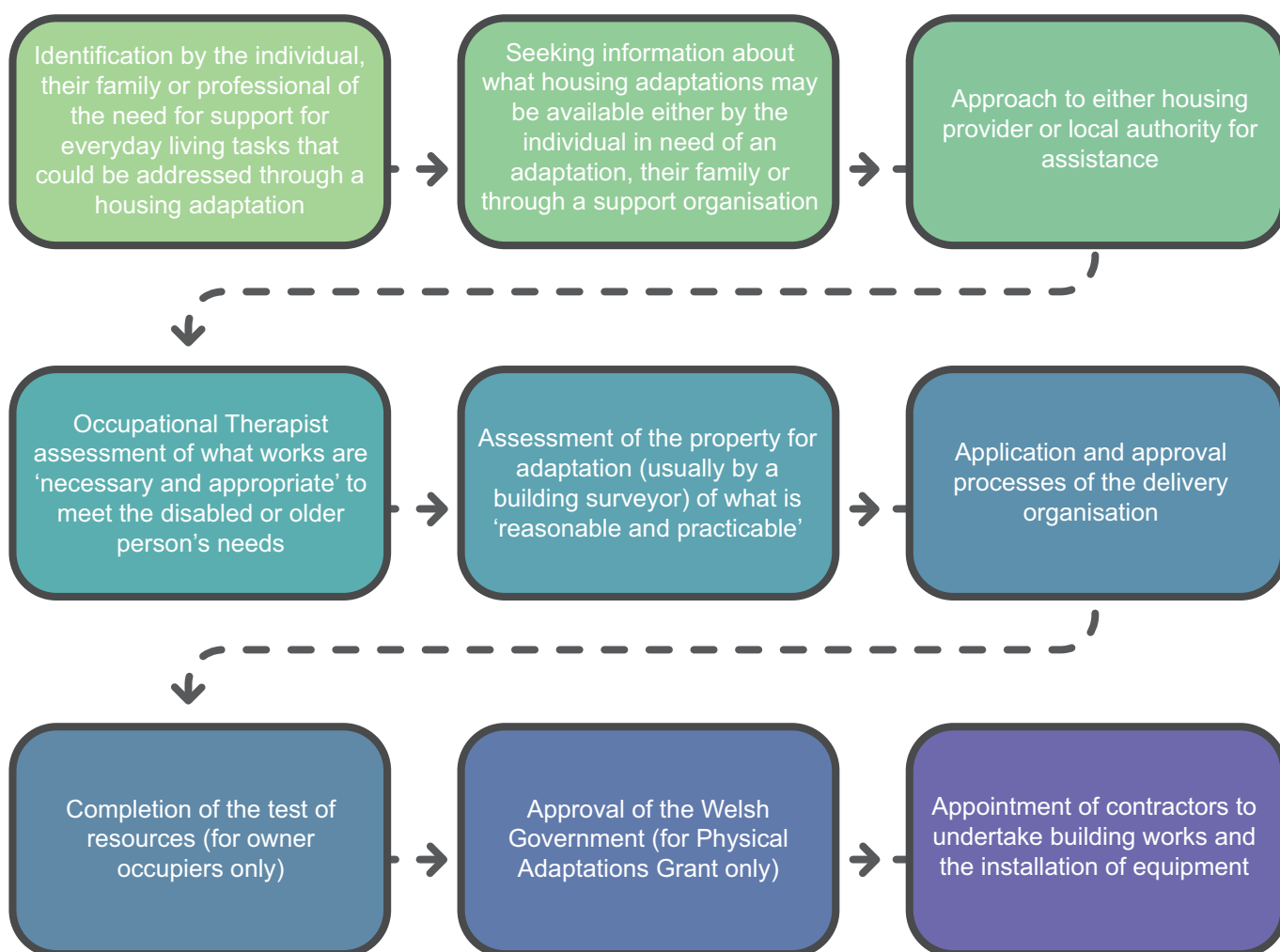
- 1.12 Some of the funding streams are governed by legislation and/or Welsh Government policies whilst money invested by some delivery organisations – LSVT housing associations and local-authority social-housing landlord services – are left to these landlords to determine how to spend. In 2015-16, LSVT associations and local-authority housing landlords invested circa £16 million from their own resources, accounting for 27% of all funding on adaptations in Wales that year. These resources are not subject to Welsh Government oversight, approval or the policy compliance requirements of PAGs, or the statutory framework governing DFGs.
- 1.13 The result of this convoluted system of funding is that disabled and older people are receiving different services because of where they live and who their landlord/local authority is rather than what their needs are. We recognise that local choice is important, and delivery organisations' policies should reflect the wider needs of the community they operate in and the people who receive their services. However, the wide variation in funding means that it is not unusual for people with similar needs to receive very different standards of service simply because of the policy choice of the agency they have to deal with.

Part 2

Provision of adaptations to people with similar needs is inequitable because of inconsistencies in how delivery organisations provide services

2.1 Delivering adaptations brings together a wide partnership of public bodies including local-authority housing and social services departments; health bodies; Care and Repair; the Welsh Government; and housing associations. Policies and procedures for dealing with requests for adaptations should be sufficiently flexible to encourage usage and take-up. When people apply for a housing adaptation, there are a number of steps to the application process. **Exhibit 3** sets the main stages for adaptations we have identified from our review.

Exhibit 3: the key stages of the adaptations process



Source: Wales Audit Office interviews and review of delivery organisations' documentation and policies.

- 2.2 Delivery arrangements can, however, vary widely depending upon where the disabled or older person lives in Wales; and whether they own their home or rent from a private landlord, housing association or local authority. As well as many different sources of funding, the intricate system of assessments and approvals can also add time to the delivery of an adaptation. Given the complexities of the adaptation system, it is important that public bodies seek to streamline delivery wherever possible to:
- avoid a disabled or older person's condition deteriorating;
 - decrease the risk of accidents or falls;
 - reduce stress on carers;
 - diminish the risk of re-admission from an unsatisfactory discharge; and/or
 - minimise a delayed discharge.
- 2.3 In this section of the report, we consider how delivery organisations provide the main stages of adaptations – promotion, information, application, assessment, approval and building works – drawing out the complexities of current arrangements. We highlight how policy choices, intended to create a more equal Wales, have resulted in a system that can reinforce inequalities experienced by disabled and older people.

Adaptations are not always effectively promoted to all people who would benefit

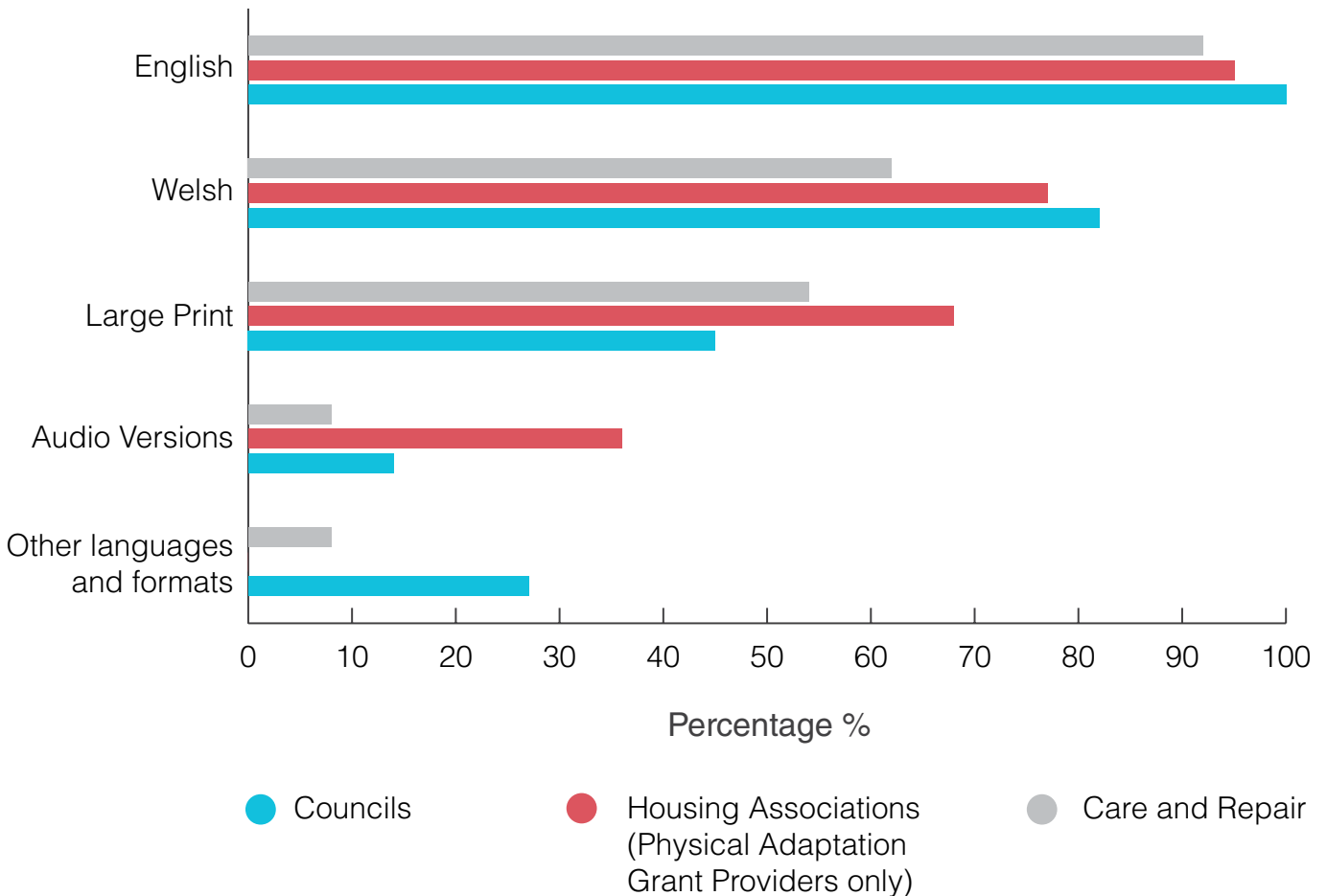
- 2.4 For a service that provides support to some of the most vulnerable people in society, effective promotion is crucial in order to ensure that all those who could benefit from the service are aware of its existence, the opportunities it provides, how they can use it and ultimately, maintain their independence. Information on how to access the service needs to be readily available and be in the right places. It also needs to be easily understandable. The views of people who received housing adaptations during 2015-16 highlight the need for delivery organisations to consider the needs of people who may benefit from the service to ensure promotional information and application processes are designed to meet those needs.

Information provided by delivery organisations is not always easily accessible or understandable and comes in a variety of formats

- 2.5 Disabled and older people often find it difficult to access adaptations, largely due to the complexity of the system as a whole and the various access routes into services. Whilst some examples of preventative and planned approaches exist, these are rare. Very few authorities and housing associations have capitalised on the opportunity to reduce pressures on officers' time by publishing effective, accessible online information, and are therefore not making the most efficient use of their resources.
- 2.6 Local authorities, health bodies, housing associations, Care and Repair and other relevant partners should provide complimentary information on adaptations to inform service users, their advocates, the wider public, other professions and agencies of the services that are available. Information should be in plain English and Welsh, in formats accessible to those with sensory impairments and in additional languages appropriate to all communities within the locality. In response to the potential vulnerability and/or access needs of applicants' delivery organisations should ensure that information is as 'user friendly' as possible. By 'user friendly' we mean that delivery organisations provide:
- key information about adaptations and how to access those in a range of formats including online, hard copy and accessible (large font, audio and range of relevant languages) versions;
 - information to other organisations that may come into contact with people in need of housing adaptations;
 - information to professionals who work with people who may need housing adaptations;
 - assistance with application processes;
 - assessments of need and building suitability at the same time, where possible, to reduce delays to the process; and
 - key timings for the different stages to guide applicants on the likely period the adaptation will take.
- 2.7 From our review, we have identified that public information falls short in a number of areas, and there are opportunities for delivery organisations to improve how they inform disabled or older people of the services that are available and how to access them.

- 2.8 The majority of those surveyed who have recently received an adaptation stated that they had mostly found out about adaptations from professionals. Most usually, these are Occupational Therapists (22%) and social workers (15%). Less than 5% of people find out about adaptations from delivery organisations – local authorities and housing associations or from published information. It is concerning that, with an aging population and the demand for housing adaptations predicted to rise by over 50% between 2015 and 2035, many organisations are still depending on professionals to promote the service directly.
- 2.9 The findings of our survey also highlight weaknesses in the quality and coverage of public information relating to housing adaptations – [Exhibit 4](#) below. We found that whilst delivery organisations' provide information on housing adaptations in both Welsh and English, a significant number of delivery organisations do not provide information in other key accessible formats. For example, in large fonts for visually impaired users, audio versions for people with hearing difficulties and other languages. The findings set out in [Exhibit 4](#) indicate that information about housing adaptations published by delivery organisations is not always tailored to ensure services are accessible to potential service users.

Exhibit 4: the range and format of information on housing adaptations



Source: Wales Audit Office survey of local authorities, housing associations and Care and Repair bodies.

2.10 Survey findings are echoed in our fieldwork with delivery organisations. Some delivery organisations did not provide a comprehensive range of information on all aspects of their adaptation services in an appropriate and suitable range of formats and media – audio, Braille and large-print formats. We also found that some published information was out of date and did not reflect how delivery organisations provide services. Given the weaknesses in the quality and accessibility of current information on housing adaptations, the Welsh Government through its ‘Enable’ review, is working with delivery organisations to address deficiencies in performance and information management.

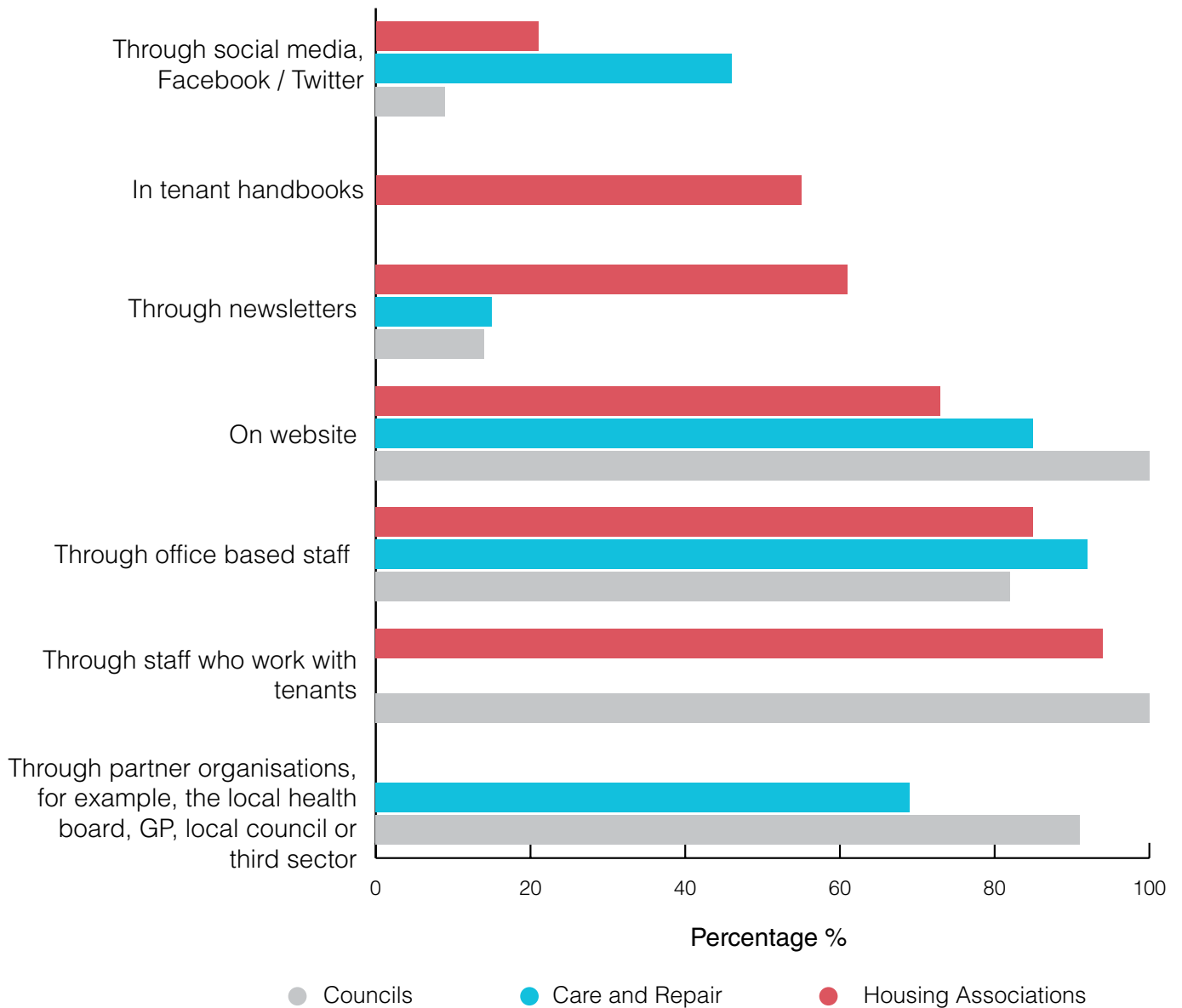
2.11 Whilst health bodies are well aware of benefits of adaptations on avoidable admissions and in supporting discharge, respondents to our surveys noted poor communication, limited knowledge and understanding with GPs, hospital staff and commissioners as major blocks to making better use of adaptations. In particular, the quality and range of information and the sharing of data between the local authority, housing associations, Care and Repair and health bodies to maximise usage, speed up decision-making and strategic planning of services are especially poor. Occupational Therapists who responded to our survey noted wide variations in the quality and coverage of delivery organisations' promotional material. For example, whilst the vast majority of Occupational Therapists (92%) felt that both local authorities and Care and Repair bodies had clearly set out to service users what they can expect to receive, only 65% felt that the housing associations they work with had good-quality and appropriate service-standard information. Ensuring health bodies are maximising the benefits of adaptations remains an ongoing challenge for health professionals.

The lack of effective promotion means that there is a risk that not all people who would benefit from an adaptation are aware of their availability

2.12 Access to adaptations come from a wide variety of agencies – for instance, referrals from social workers, housing officers, third-sector partners, supporting people, staff or building maintenance operatives. Consequently, those who directly deal with individuals who could benefit from a housing adaptation need to be aware of how to refer individuals into services. Whilst we found some examples where collaborative and integrated approaches are leading to better delivery of adaptations (for instance, supporting effective discharge from hospitals), these approaches are the exception rather than the norm. We found little evidence of delivery organisations focussing on proactive or preventative work to better meet the needs of disabled and older people, before their individual circumstances deteriorate and require a crisis intervention.

2.13 Our survey of councils, housing associations and Care and Repair agencies allows us to analyse how different organisations tell people about housing adaptations and the options available to them. **Exhibit 5** shows that the majority of local authorities, housing associations and Care and Repair agencies rely on office-based staff to disseminate information about housing adaptations, whilst information publicised via social media, newsletters and in tenant handbooks is generally less well developed. No housing association provides information to partners such as health, social workers or third-sector bodies. This is particularly concerning given that most people who receive an adaptation generally access services via third-party referrals. Given these gaps in information provision, there are opportunities for delivery organisations to improve how they promote access to adaptations.

Exhibit 5: the different ways organisations that deliver housing adaptations tell people about options available to them



Source: Wales Audit Office survey of local authorities, housing associations and Care and Repair bodies

- 2.14 Controlling and limiting the promotion of adaptations allows some organisations to effectively manage demand and maintain control over expenditure. Whilst we recognise services have finite budgets and are unlikely to be able to meet the demand from all potential applicants who may need an adaptation, reducing access to services for disabled and older people is clearly not acceptable and falls short of the delivery organisations' responsibilities to their communities.

There is a considerable variation in the application, assessment and approval processes that can create delays in disabled and older people receiving an adaptation

Application processes are not always streamlined or effective

- 2.15 Many organisations and services are potentially involved in delivering adaptations. The initial contact or referral from a disabled or older person may come via social services, local-authority housing management or maintenance staff, Supporting People officers, private-sector housing or environmental-health staff as well as those who administer DFGs. Given the wide number of routes into services, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. The application system should also be sufficiently wide and far ranging to encourage access and take-up, and delivery organisations should offer a variety of media to encourage service users to apply.
- 2.16 Each delivery organisation has designed their own application process for people that request a housing adaptation. The systems and processes used by delivery organisations vary from body to body, despite following national policy requirements, and often create difficulties for disabled and older people seeking assistance. From our surveys and fieldwork, we found that local authorities and housing associations offer a range of application processes, but not all have processes that consistently and effectively meet the needs of people who require housing adaptations.

- 2.17 Only six local authorities offer online application processes for DFGs. Sixteen local authorities work with Care and Repair to complete applications, but only eight work with other third-sector organisations. Sixteen local authorities allow applications by telephone and 19 local authorities provide outreach services where officers go to people's homes to complete applications. A small number of local authorities also proactively seek to overcome the complexity of the application process by appointing 'case officers' who work closely with disabled and older people to guide them through the process at each stage. Disabled and older people value the support offered by case officers, but often applicants are required to pay for this service.
- 2.18 In comparison, just three of the 33 housing associations we surveyed offer online application processes for housing adaptations, although 13 state they work with third-sector organisations to complete applications, and 12 specifically with Care and Repair. Less than half of the 33 housing associations allow applications by telephone or employ officers to visit disabled or older people in their home to assist in completing adaptation applications. Overall, 79% of people who received a DFG rated the application process as excellent or good, compared to 66% of those who received a PAG.

Occupational Therapists are critical to the delivery of good-quality adaptations, but assessments and working practices are inefficient and not always timely

- 2.19 Adaptations are available to anyone who is assessed as needing one. Local authorities and landlords rely on the professional judgement of Occupational Therapists to identify the works that are 'necessary and appropriate' to meet a person's needs. Occupational Therapists may assess people for housing-adaptation needs in hospital or other care settings. Some delivery organisations require several assessments prior to discharging people to return home or to community-based services. Repeating assessments can create duplication within the system and potential confusion for people who may need a housing adaptation. Our Occupational Therapist survey highlights some of the significant shortcomings in the processes used by delivery organisations to assess, manage and deliver adaptations across Wales.

2.20 These are set out in detail in [Exhibit 6](#) and highlight some significant gaps in current working practices. In particular:

- limited use of mobile technology and reliance on more labour-intensive and excessively bureaucratic processes;
- narrow use of joint applications and reliance on single agency approaches, particularly in housing associations, which increases duplication and adds to the time taken to apply, assess and approve adaptations;
- applicants needing to make multiple applications to different organisations for broadly the same service completing the same information with little integration of data or assessment processes;
- site visits not being kept to a minimum and approval systems not being streamlined to speed up delivery; and
- adaptations not integrated with adapted-housing registers.

2.21 Occupational Therapists also noted delays specifically caused by some housing associations querying the need for adaptation and often delaying or refusing permission. Occupational Therapists also noted a growing concern that the length of time taken by the different delivery organisations to process applications is rising, often as a result of financial pressures and reductions in staff numbers. Overall, whilst local-authority assessment processes often have weaknesses in key areas, Occupational Therapists' experience is that authorities have established more effective systems and processes to deliver adaptations than those used by housing associations.

Exhibit 6: percentage of Occupational Therapists agreeing that delivery organisations take the following steps to improve economy, efficiency and effectiveness when delivering housing adaptations

The percentage refers to the proportion of Occupational Therapists who agree that the named delivery organisations comply with the efficiency criteria and shows significant shortcomings in application and assessment processes.

Criteria	Percentage complying with the application and assessment standard by delivery organisations as assessed by Occupational Therapists		
	Local Authorities (%)	Housing Associations (%)	Care and Repair (%)
Adapted housing registers are integrated with adaptation systems	43	40	35
Applicants only enquire/apply once to access adaptations	50	39	41
Local initiatives support speedier delivery of housing adaptations	55	33	64
Mobile and on-line technology is used during adaptation process	56	54	50
Jointly agreed application form	59	38	53
Systems for approving an adaptation are streamlined	65	30	63
All applications are processed at a single intake point	67	47	64
Processes are designed to decide on applications quickly	69	43	81
Decision points in assessment process kept to a minimum	71	50	75
Assessment process is client focussed and allows quick progress	73	39	76

Percentage complying with the application and assessment standard by delivery organisations as assessed by Occupational Therapists

Criteria			
Roles of all staff involved in assessments are clearly defined	73	57	68
Site visits kept to a minimum and delivered jointly	74	65	70
Approval points in assessment process kept to a minimum	77	48	75
Enquiries screened at a single intake point	84	56	82
Jointly agreed enquiry process	86	74	89

Source: Wales Audit Office survey of local authorities, housing associations and Care and Repair agencies.

2.22 Challenges can be exacerbated where Occupational Therapists work in local health-board areas that cover a number of local authorities, because there is often a considerable variation in delivery organisations' application and assessment processes and approval systems. Similarly, for health professionals who work across local-authority boundaries and engage with a wide range of delivery organisations, there is a challenge in managing multiple and often very different systems when planning discharge from hospital or considering options to address the needs of patients.

2.23 For example, whilst half of the 12 NHS organisations we surveyed (a mix of Health Boards and individual hospitals) felt they knew what delivery bodies expected of them and how referral processes operate, only two felt they fully understood what adaptation services were available for them to use and how long it took to assess and approve adaptations. Similarly, just four organisations acknowledged that they knew the full range of services that are available and the eligibility criteria for provision of services. We conclude that overall, the complexity of systems adds to the time taken to assess people and deliver timely solutions. Occupational Therapists and health professionals we spoke to believe that their work would benefit from standardising assessment approaches and forms across delivery organisations.

2.24 Delivery organisations most frequently refer to the demand on Occupational Therapists as the main reason for delays in adaptations being processed and delivered in a timely manner. From our surveys, we found that 95% of local authorities and 86% of housing associations experience delays in occupational therapy assessments for DFGs and PAGs. To address these delays, we found that some delivery organisations are increasing the use of Trusted Assessors¹⁰ to reduce demand on Occupational Therapists. Because a significant proportion of referrals for adaptations are for minor items, the use of Trusted Assessors can speed up assessments and decisions and allow Occupational Therapists to prioritise assessing and specifying adaptations that are more complex. Despite the work of Trusted Assessors leading to quicker decisions, their work is not always viewed positively. Occupational Therapists raised concerns over the impact and quality of referrals, and noted that some Trusted Assessors feared making decisions because of potential liability for poor choices if problems arise. Some assessments have also had to be reviewed and signed off by Occupational Therapists before they are approved, which can delay timely decision-making.

Equipment demonstration

In early 2015, Cardiff Council opened an Independent Living Centre (ILC). An Occupational Therapist is based in the centre and is able to provide information and assessments to people visiting the ILC. The ILC contains a range of housing adaptations so people can see how those work and can assist their day-to-day lives. Some occupational therapy teams have widened their resource base by purchasing a number of kit ramps and 'pod' shower rooms for people who require adaptations urgently and for a short period of time.

2.25 Some local authorities use single points of access for social services including housing adaptations. Once people who may need a housing adaptation contact the single point of access, their request is passed onto administration staff and co-ordinated centrally resulting in a well-timed assessment of the applicants' personal needs and the suitability of the property.

¹⁰ The Royal College of Occupational Therapists, in response to the pressure on occupational therapists, recognises that a wider range of professionals can assess low-level adaptations. Its written guidance *Minor Adaptations Without Delay* (2006) outlines what adaptations Trusted Assessors can assess. A large number of local authorities and housing associations now use this guidance to speed up assessments for low-level adaptations and therefore release Occupational Therapist capacity to deal with adaptations that are more complex.

Use of technology

Occupational therapists are using technology to become more efficient. Some Occupational therapists email their recommendations directly to housing associations and local authorities, which reduces reliance on and use of paper-based forms and processes. Some Occupational Therapists use their mobile phone cameras to take photos in properties that are being considered for adaptation to accurately capture information, which can be provided electronically to building surveyors and grants officers and help speed up decisions about adaptations. Occupational therapists are also using technology to engage with potential recipients of adaptations by showing pictures of the range of options that are available and the likely impact they can have on the recipient.

Processes for approving adaptations regularly cause delays

- 2.26 As well as the complexity of Occupational Therapists' assessment processes, delays to delivery of DFGs and PAGs can be caused by a range of other factors. A number of these are inter-related and often sequential resulting from the timing of approvals and decisions, whilst others rest with choices and decisions of the applicant. From our survey of local authorities and housing associations who deliver DFGs and PAGs, we identified a number of core issues that currently interrupt delivery of adaptations.
- 2.27 Just under half of local authorities noted that completing the test of resources¹¹ could take considerable time. Delays are frequently a result of the amount of detail DFG applicants are required to provide, such as proof of title and comprehensive financial information. Delivery organisations acknowledged that the means test is also inequitable in relation to other funding options and felt that it is debatable whether the means test represents value for money given the length of time to complete compared to the level of grant provided. Positively, some local authorities speed up the test of resources by linking applications to other authority ICT systems to establish the applicant's financial standing – for example, council tax benefit.

11 Whilst DFGs are mandatory, they are subject to a means test and an upper grant limit. The test of resources for grant applicants is set out in the Housing Renewal Grants Regulations 1996 (SI 1996/2890, as amended). The test largely mirrors the system of calculating entitlement to Housing Benefit. Grant applicants may receive a full grant or may be required to make a contribution towards the cost of the works.

- 2.28 Welsh Government approval processes often delay housing associations delivering PAGs, particularly for larger works, which require approval prior to the commencement of work. The approval process involves Welsh Government officials reviewing the Occupational Therapists' assessment of the need for an adaptation and the suitability of the building, all of which can add many weeks if not months to the process. Eighty-two per cent of landlords stated that they experienced delays because of the Welsh Government requiring associations to provide three quotes and 64% delays as a result of the Welsh Government's approval processes. However, delays can also be caused by incomplete or poor information being submitted to Welsh Government for approval. Nonetheless, given that the bulk of PAGs above £5,000 are approved with little challenge or change, housing associations consider these processes to be unnecessarily burdensome, particularly as the system is entirely paper based and has not been digitised or automated.
- 2.29 To expedite the timeliness of completion of PAGs, the Welsh Government has established a fast-track system for relatively minor and standard works for stair-lifts (£3,500), bathrooms (£6,500) and other access aids (£3,500). It is possible for an application to cover all three which would give a total of £13,500. Under this fast track approach, the Welsh Government retrospectively approves PAG expenditure after the housing association has organised and completed the adaptation. The Welsh Government is also reviewing its guidance on PAGs in partnership with a group of housing-association representatives, and is looking at options to improve timeliness, including formal guidance about the provision of extensions and increasing the upper limits for fast-track applications.
- 2.30 Both local authorities and housing associations also commented on delays resulting from the time needed to gain relevant permissions from utility companies (water in particular) and planning authorities where planning permission is required. These can often result in lengthy delays but are issues over which delivery organisations have little or no control, especially where an applicant is responsible for managing delivery of a DFG. Whilst the onus is normally on an applicant to satisfy planning requirements (for example, in the completion of forms and submission of relevant documentation), delivery organisations should provide as much practical help as required to avoid delays in processing and approving applications. It is important to ensure that planning approval procedures do not add unnecessary delays during the process and that delivery organisations liaise with the relevant local or National Park planning authority to determine the scope of matters which would typically require planning permission, or the scope of exceptional circumstances (for example, when a property lies within a conservation area).

- 2.31 As a final point, decisions taken by applicants or tenants can also result in significant delays. From our surveys, we found that 95% of local authorities stated that applicants often request delays to the adaptation work and 86% of them stated that applicants change their mind and often do not wish to proceed. Whilst housing associations noted that tenants often choose to delay or not proceed with an adaptation, only 40% of landlords experienced these issues. Given the complexity of the system for assessing, approving and delivering adaptations, it is unsurprising that applicants often elect not to proceed, particularly homeowners where DFG processes are especially onerous.
- 2.32 In response to the length of time taken to assess, approve and deliver adaptations, some delivery organisations have sought to streamline their processes to improve efficiency and maximise value for money. These include a number of local authorities, such as Ceredigion County Council and Newport City Council, undertaking an initial assessment of the financial contribution that applicants may need to make for a DFG. Whilst this initial assessment is not binding, it does provide applicants with an understanding of the potential cost they may have to cover. Local authorities using this approach note that identifying the potential cost for applicants as early as possible in the assessment and approval process allows the authority to identify more quickly those who do not intend to progress with their application due to financial cost.
- 2.33 Some local authorities – Powys County Council, Conwy County Borough Council, Caerphilly County Borough Council and the County and City of Swansea Council – also use ‘case officers’ who work with the different agencies and departments involved in adaptations to ensure that applications are ‘pulled’ through the system and decisions expedited. The use of case officers provides applicants with a single point of contact and ensures that there is oversight of disabled or older persons’ application and assessment. Case officers are well placed to address system blockages and speed up decision-making and approvals, especially where there is limited oversight of the whole adaptation system.

Delivery organisations take a wide variety of approaches to the engagement and management of building works and these are not always efficient or effective

- 2.34 A central issue in getting building work completed is to ensure that the processes used to secure contractors and deliver works are fit for purpose. This is a careful balance requiring delivery organisations to ensure they deliver works quickly to meet the needs and wishes of the disabled or older person, whilst ensuring that probity in contractor appointments and value for money in terms of the cost and quality of building works. Local authorities and housing associations consequently need to ensure they have established effective and efficient methods to deliver services.
- 2.35 Managing contractors and the expediency of procurement processes are important aspects of ensuring the quality of housing adaptations. Done badly, they can have a dramatic effect on the timeliness, cost and delivery of adaptations. The findings of our survey highlight that half of the housing associations delivering PAGs, and a third of local authorities, experienced difficulties in securing contractors and roughly 20% of both in appointing suitably qualified builders to undertake building works.
- 2.36 Most local authorities, housing associations and Care and Repair agencies have established appropriate processes to oversee and manage builder performance, most usually through regular meetings and dialogue in respect of individual grants. However, few delivery organisations are working strategically with contractors to streamline and improve performance. Only two delivery organisations engage with contractors and builders as members of strategic cross-sector groups, which is a 'lost learning opportunity'. Similarly, only two organisations have pooled resources with contractors – for example, joint posts to oversee and co-ordinate and streamline delivery – and only one has co-located staff with contractors and builders.

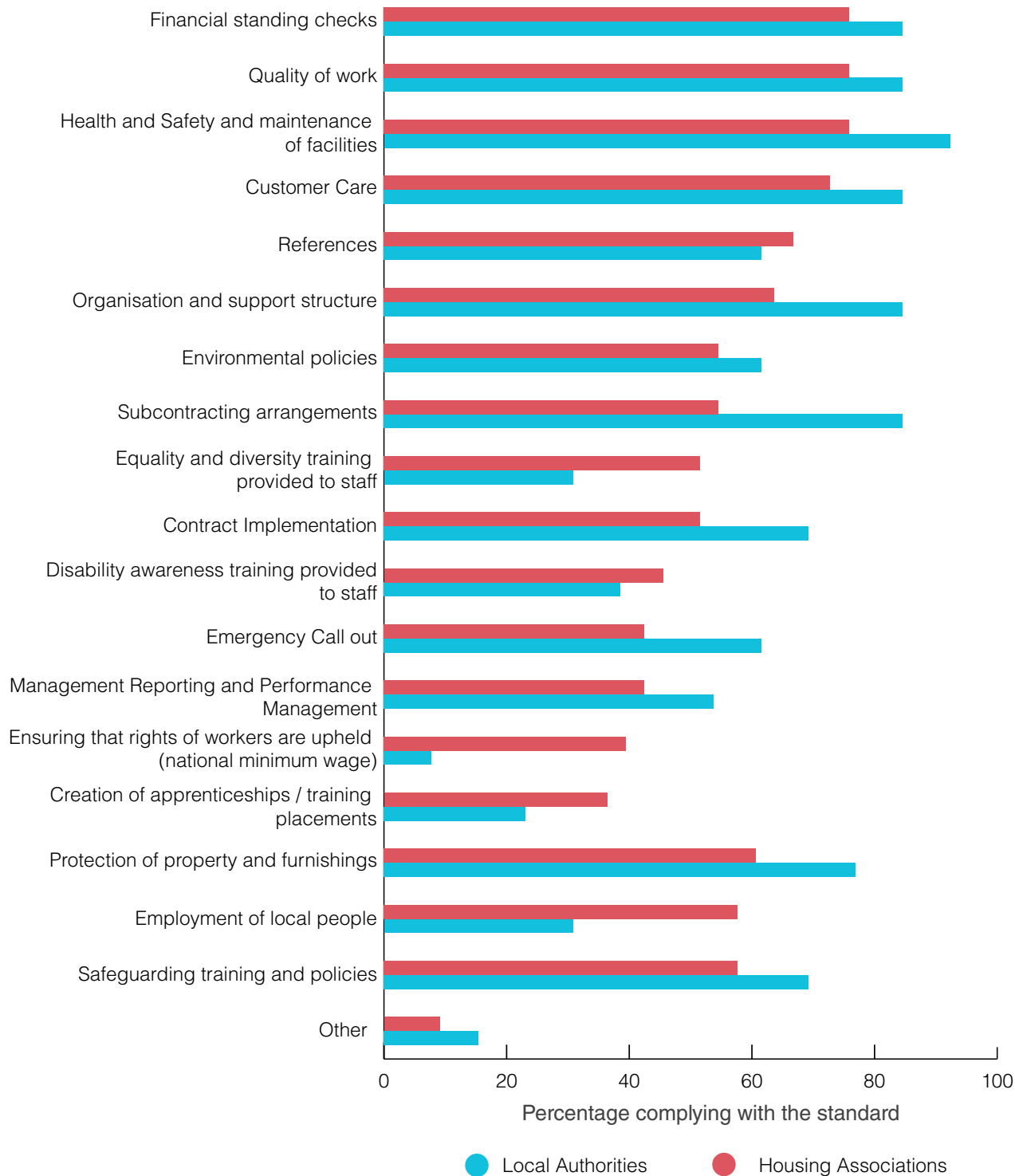
- 2.37 Half of local authorities use approved contractor lists to procure building works and only work with builders they have approved to undertake adaptation work. This is proportionally much lower than housing associations where 27 of the 33 operate approved contractor lists for adaptations. Other local authorities and housing associations tend to use one-off tendered contracts, usually inviting tender prices against a specification using the same criteria for those on approved contractor lists. In addition, a small number of authorities also operate framework agreements.¹²
- 2.38 Where local authorities plan to establish or review their approved list of builders, they should open the process to all potential contractors who meet their published criteria for inclusion. Selection for approved lists should be comprehensive in coverage and include general and specialist contractors to provide local authorities with adequate assurance that the builders they approve to deliver adaptation works are suitably qualified to undertake this work, covering financial standing, liabilities and indemnification and past performance to judge quality and timeliness of works.
- 2.39 However, we found that the processes for accreditation are often not comprehensive and do not provide assurance that authorities are operating effectively. Often accreditation is not based on a formal assessment. For example, only four local authorities run annual processes for contractors to apply to become members of approved lists, whilst the remainder operate ad hoc systems where contractors can tender or apply for inclusion at any time. Some local authorities use online services such as Construction Line¹³ to vet key data such as liabilities and indemnification. However, this is often not undertaken annually or bi-annually and information is often out of date. Consequently, delivery organisations often have limited assurance of a contractor's current financial standing and suitability to undertake adaptations work.

¹² A framework agreement will generally allow a purchaser more flexibility around the goods or services contracted for under the framework, both in terms of volume and also the detail of the relevant goods and services. A multi-supplier framework allows the contracting organisation to select from a number of suppliers for its requirements, helping to ensure that each purchase represents best value.

¹³ Construction Line: the national pre-qualification database for assessing contractors undertaking work in the building and construction industry.

2.40 Even without use of online services such as Construction Line, delivery organisations can lack published standards for approved contractors, such as regular production and vetting of appropriate insurance and evidence of financial standing. Compliance with these standards enables delivery organisations to assure themselves of the appropriateness of the contractors who undertake adaptations work. These limitations are reflected in our survey of local authorities and housing associations set out in [Exhibit 7](#) which shows that the range of criteria used by delivery organisations to select contractors is not comprehensive. For example, less than half of local authorities and housing associations require contractors to have provided their staff with disability awareness training.

Exhibit 7: the criteria used by local authorities and housing associations to assess whether a company should be included on the approved contractor list or to approve a builder who tenders for work



Source: Wales Audit Office Survey of local authorities and housing associations. The chart assesses the 22 local authorities' and 33 housing associations' criteria for working with contractors and builders.

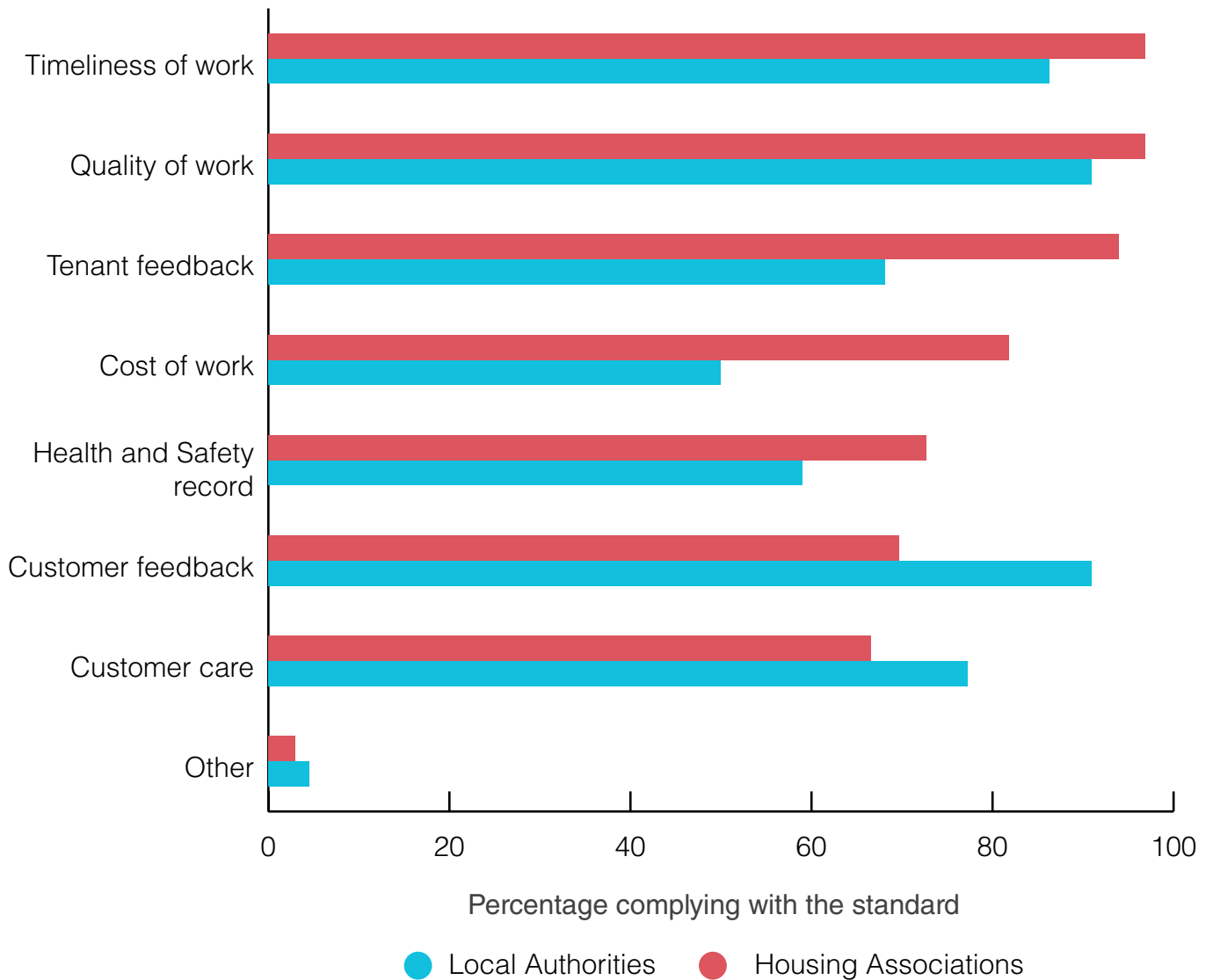
- 2.41 From our survey we found that a small number of local authorities and housing associations are using framework agreements as an alternative to tendering. These approaches allow contractors to achieve savings through economies of scale and some guarantee of the quantity of work they might receive. The longer-term relationship also allows the contractor to invest appropriate resources and develop higher standards of workmanship, and can deliver benefits such as reduced transaction costs; continuous improvement with long-term relationships that are clearly set out and underwritten by contract; better value and greater community wealth; and customer-focused solutions. For example, two local authorities have established four-year framework agreements whilst other local authorities and housing associations use Sell2Wales.¹⁴
- 2.42 Some local authorities have trouble with the availability of contractors, which causes delays in the timeliness of delivery of adaptations. In particular, mainly rural authorities with limited or no access to major building contractors noted an over reliance on smaller local building firms which often have limited capacity to deal with new agency procurement arrangements. We found that despite these difficulties in securing builders, authorities were not proactively seeking to widen out their pool of contractors to improve choice, speed up delivery and drive greater efficiency. Market testing of contractor rates is often carried out annually via authority quantity surveyors and benchmarked against standard construction pricing schedules such as Spons.¹⁵ However, we found that Grant officers are unclear if this delivers the best value for money, and the lack of supply of contractors can push up rates.
- 2.43 In a small number of areas, the local authority does not directly manage contractors but guides applicants to an approved list of contractors and requires grant applicants to select and manage builders themselves. Where a grant applicant elects or is required to manage a builder directly, it is important that the local authority consider whether they wish to provide applicants with information on local contractors and builders to help them decide on who to appoint. We found that in some authorities the list of contractors provided to grant applicants is not always based on a robust analysis of performance, standing, quality and skills. These are important weaknesses that need to be strengthened to safeguard applicants, and authorities should provide guidance on how to vet builders to help applicants select the right contractor.

¹⁴ Sell2Wales is a website procurement portal set up by the Welsh Government to help businesses win contracts with the public sector across Wales and help the public sector advertise and manage tender opportunities.

¹⁵ Spons provides accurate, detailed and professionally relevant construction price information for the UK. Its unique Tender Index, updated through the year, provides an ongoing reality check and adjustment for changing market conditions.

- 2.44 Home-improvement agencies (HIAs) offer practical help with building works to vulnerable homeowners. The service offered varies but normally covers help in diagnosing building problems, identifying solutions, selecting a builder, and ensuring work is effectively delivered. Some HIAs are independent non-profit organisations whilst others operate in-house within a local authority with the cost often covered by fees drawn from the DFG. We found that 17 of the 22 local authorities offer HIA support and 15 authorities charge the grant applicant for these services. Given home improvement agency provision is not available across all of Wales, we have concerns that disabled and older people do not apply for DFGs because they are unable or unwilling to directly engage and manage contractors and builders without the support of their local authority.
- 2.45 Monitoring and evaluating performance on delivery of individual adaptations is a key part of ensuring builders provide good-quality and cost-effective services. Delivery organisations need to have appropriate systems in place to collect sufficient intelligence to judge a contractor's performance, actions and behaviours. This should be undertaken independently of the contractor and used to judge whether the builder is retained to deliver adaptations work in the future.
- 2.46 We found that 19 local authorities and 21 housing associations review the performance of contractors on every adaptation on an ongoing basis; one authority and five associations review performance quarterly; and six associations annually. However, two authorities and five housing associations do not evaluate contractor performance at all. Overall, we consider that delivery organisations responsible for delivering adaptations do not always have effective arrangements to monitor, review and evaluate the performance of builders and contractors.
- 2.47 **Exhibit 8**, below, summarises the findings of our survey of local authorities and housing associations analysing the criteria they use to review contractor performance. Most delivery organisations focus on customer feedback, the quality of the building works and speed of delivery. However, only 11 local authorities consider the cost of the works and 13 the contractor's health and safety record and overall performance. In addition, two local authorities and five housing associations stated that they do not review a contractor's performance at all. This highlights that not all agencies are managing and reviewing contractor performance against a suitable range of information.

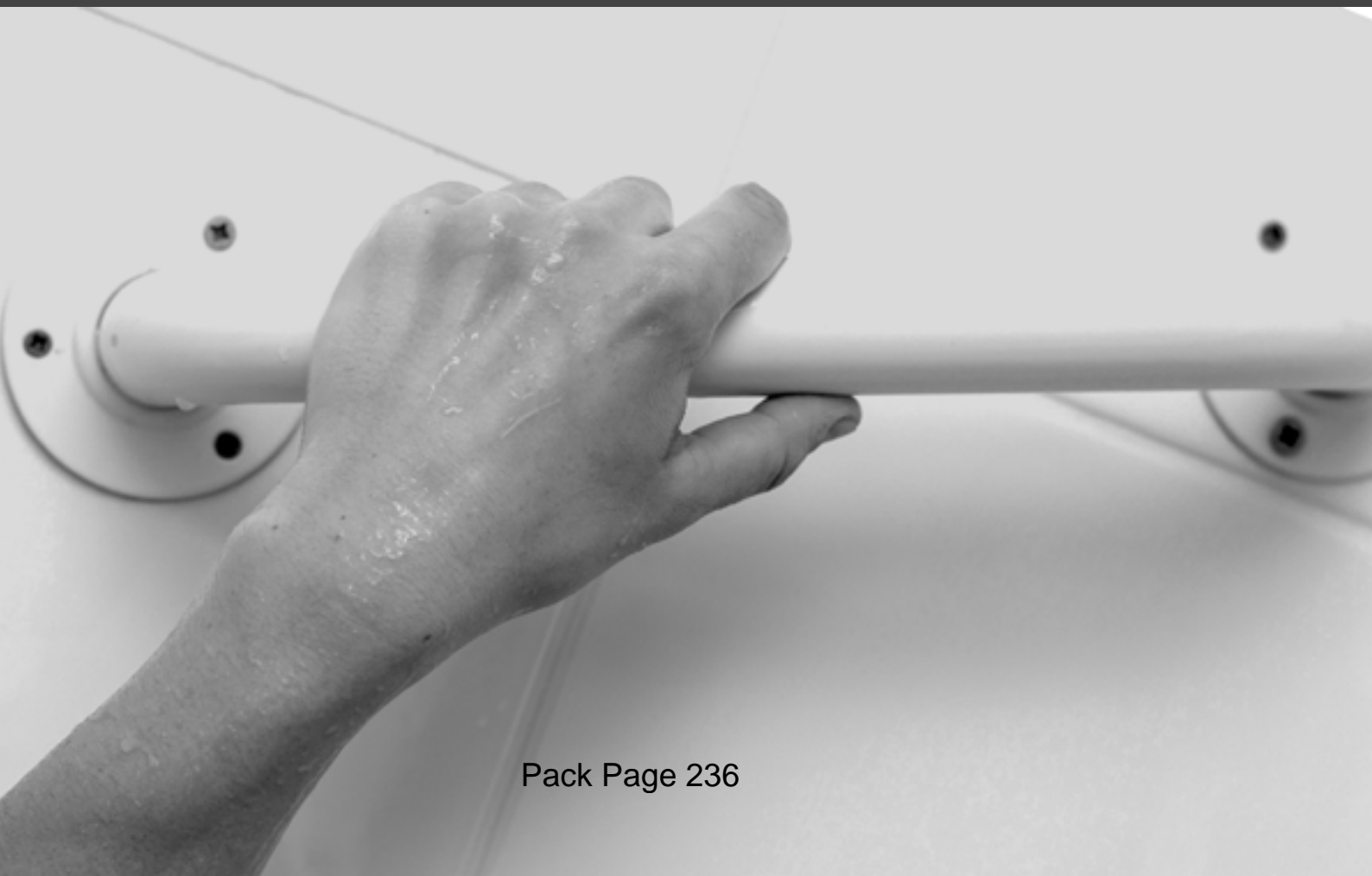
Exhibit 8: the criteria used by local authorities and housing associations to assess the performance of contractors and builders who deliver adaptations



Source: Wales Audit Office Survey of local authorities and housing associations.

Part 3

Public bodies are generally clear on the benefits of adaptations, but partnership working is ineffective to address need



- 3.1 For at least 30 years, successive UK and Welsh government policies have recognised the importance of supporting frail older people and disabled people to live independently in their own homes rather than in hospitals or residential establishments. For most older and disabled people, addressing their housing needs does not mean specialised new provision but adaptations to their existing homes.
- 3.2 In this part of our report, we examine census data and population projections to gauge the overall level of demand for adaptations in Wales. We also review public bodies' policies for adaptations and the effectiveness of partnership arrangements between local authorities, housing associations, Care and Repair and health bodies to judge how well services are meeting current needs and working together to address predicted increases in demand. Finally, we review current joint working arrangements to judge whether adaptations are benefitting all those who need assistance.

Census data and population projections suggest demand for adaptations will continue to increase

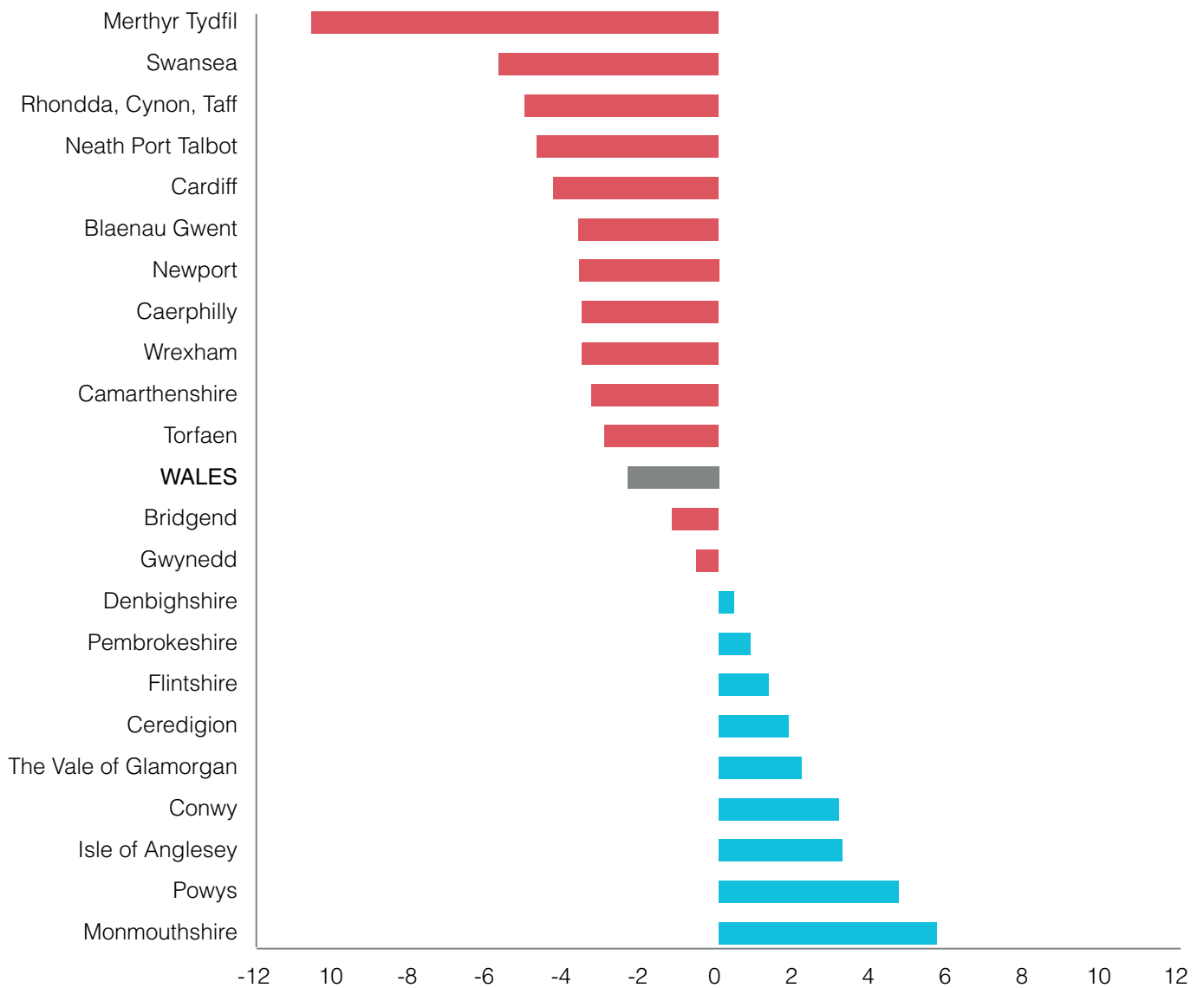
- 3.3 The rights of disabled and older people to receive help for adaptations determines that this is a needs-led service. Local authorities have a statutory duty to review the condition of the housing stock and the need for housing in their area, and have extensive powers to intervene where housing conditions are unacceptable and there is unmet housing need. Local housing authorities also have an obligation under legislation¹⁶ to make an estimate of the likely need for these services and to develop plans for delivering them at a level that will meet the needs identified.
- 3.4 Census data¹⁷ highlights that a higher proportion of the Welsh population (7.8%) consider themselves to be in poor health compared to those in England (4.2%). Comparatively, people in Wales have poorer health than all regions in England with the exception of the North East of England. In Wales, activity limitations are also notably higher: almost 12% reported they are 'limited a lot' and almost 11% are 'limited a little'. In Wales, the prevalence of activity limitations is higher than any English region. Wales also has proportionately more people aged 55 and above than England, and activity limitations are more common among those above retirement age.

¹⁶ Relevant legislation includes: the Local Government and Housing Act 1989; the Housing Grants, Construction and Regeneration Act 1996; Regulatory Reform (Housing Assistance) (England and Wales Order) 2002 and accompanying guidance NAFW Circular 20/02; and the Disabled Facilities Grants (Maximum Amount and Additional Purposes) (Wales) Order 2008 (Welsh Government 2008a).

¹⁷ General Health in England and Wales: 2011 and comparison with 2001.

- 3.5 The proportion of the population in Wales who consider themselves to be in good health is also falling. **Exhibit 9** highlights that between the Censuses in 2001 and 2011, in 13 local authorities the number of people who considered that they suffered from poor health increased, most significantly in Merthyr Tydfil where the rate of deterioration in health was over 10%.

Exhibit 9: the percentage change in the number of people who consider themselves to be suffering from poor health in Wales by local authority between 2001 and 2011



Source: Census, 2001 and 2011.

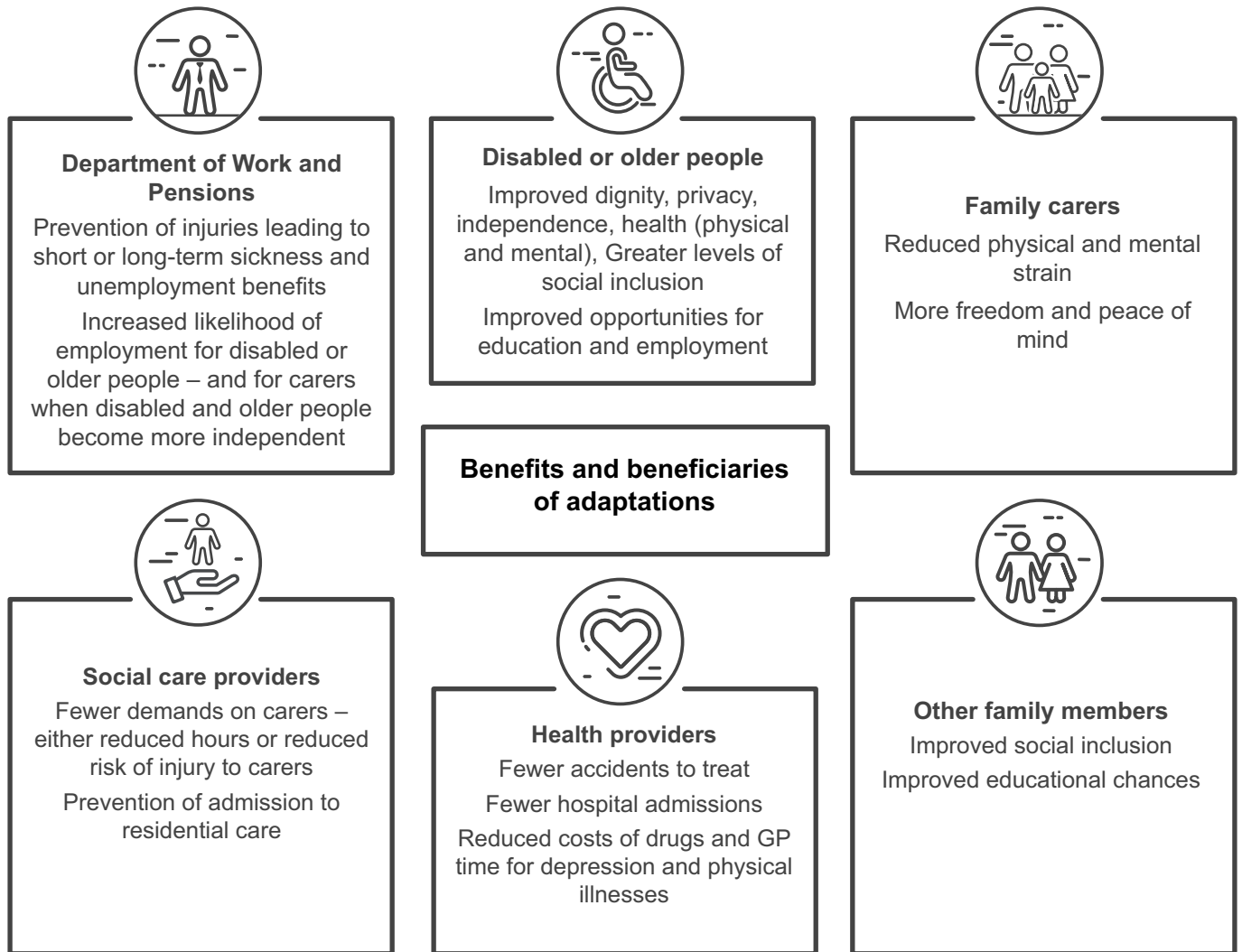
- 3.6 Over the next 20 years we expect to see an increase in the number of people in Wales who experience mobility problems and difficulties undertaking daily domestic tasks. In summary, Welsh Government projections at an all-Wales level show that the number of people who will struggle with domestic tasks aged over 65 will increase by roughly 34% rising to 381,500 and those with mobility difficulties will rise by 58% to 178,000 in 2035. **Appendix 4 and 5** provide the detailed projection data from the Welsh Government's Daffodil¹⁸ system at an all-Wales level and by local-authority area.
- 3.7 The predicted increase in demand for adaptations identified in Daffodil projections are echoed by the majority of delivery organisations responding to our surveys who note that demand for housing adaptations is growing and they expect this to continue to increase in the future. Eleven of the 22 local authorities have seen demand rise in the last three years, and 16 of them anticipate demand will grow in the next three years. Similarly, 25 of the 33 housing associations have seen a rise in demand and 27 anticipate further increases in the next three years. All Care and Repair bodies have seen demand surge and expect it to continue to grow.

Public bodies are mostly clear on the importance of adaptations in supporting independence, but organisations continue to plan in silos with limited focus on collaboration or integration

- 3.8 Public bodies in Wales recognise the importance of housing adaptations in changing the home environment to enable or restore independent living, privacy, self-confidence and self-respect for individuals and their families. Adaptations also deliver many benefits for local and national organisations. **Exhibit 10** below summarises some of these beneficiaries and benefits.

¹⁸ Daffodil is a web-based system developed by the Institute of Public Care for the Welsh Government and pulls together in one place the information needed to plan what future care, support and housing services over the next 20 years for children, adults and older people.

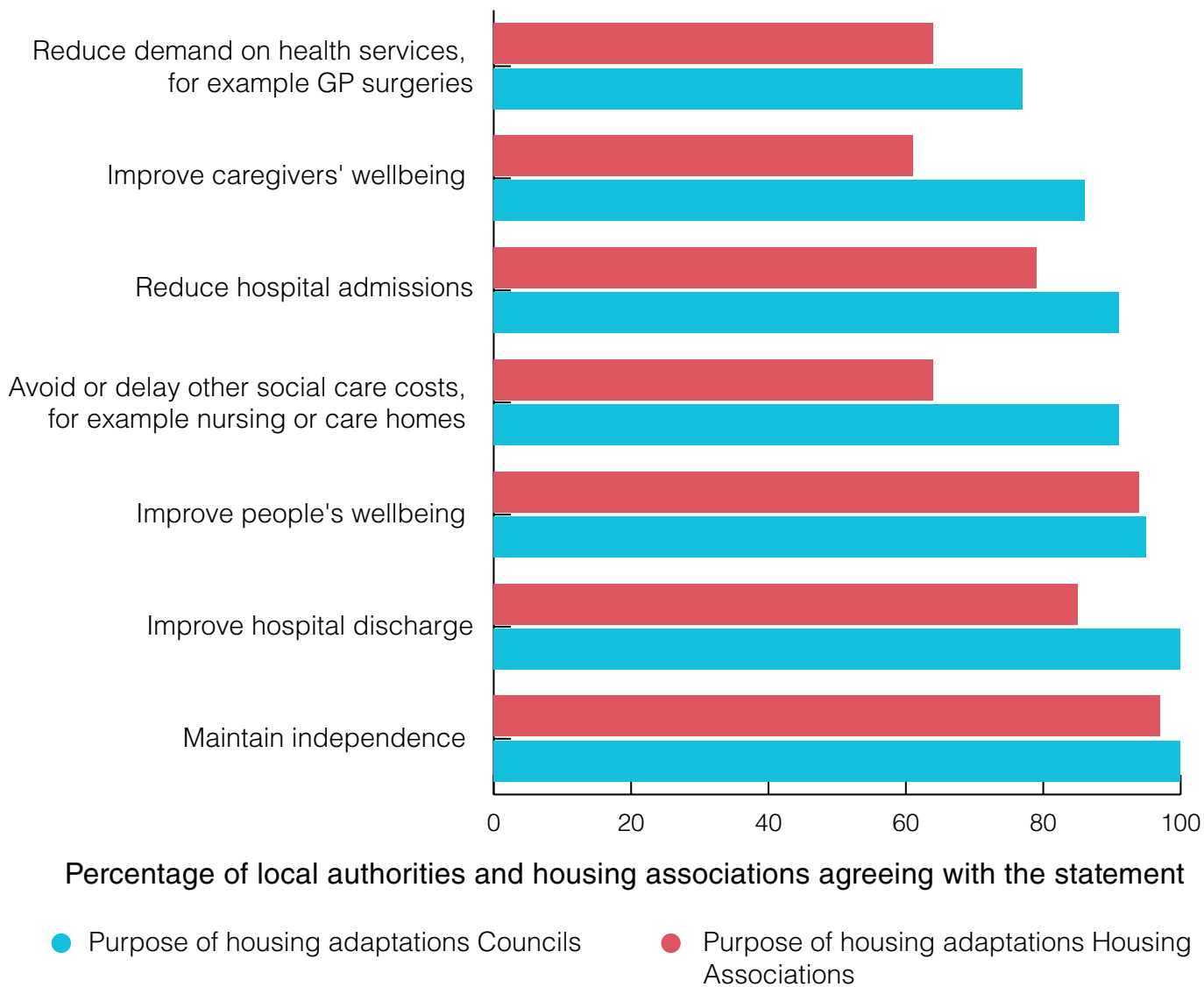
Exhibit 10: examples of the beneficiaries and benefits of adaptations



Source: Wales Audit Office.

3.9 For adaptations, having the right strategic goals establishes a clear basis for decision-making about service prioritisation and how and where to direct resources. Most delivery organisations are clear on how their work on adaptations positively helps disabled and older people. For example, through our surveys we found that all local authorities and the vast majority of housing associations have policies for adaptations, which highlights the importance adaptations make in maintaining independence. Similarly, the majority of bodies are also clear on how adaptations support hospital discharge and contribute to improving wellbeing. However, our survey findings highlight that there are some opportunities to improve coverage and focus in some organisations. In particular, improving policies to better address the needs of carers and avoid or reduce demand and costs in health and social care services – [Exhibit 11](#).

Exhibit 11: local-authority and housing-association views on the purpose and coverage of their policies for deciding on and delivering adaptations



Source: Wales Audit Office, survey of local authorities and housing associations.

- 3.10 For local authorities, the key policy for provision of adaptations is their Housing Renewal Policy, which should set out the basis and rationale for housing and renewal activity. From our review of Housing Renewal Policies, we found that local authorities are generally clear on the importance and benefits of adaptations and have set appropriate aims and objectives to support their housing investment activity. For example, Bridgend County Borough Council has a stated aim to ‘enable older and disabled people, and people suffering from domestic abuse, where appropriate, to remain in their own homes and live independently’ and Caerphilly County Borough Council is focused on ‘enabling vulnerable persons to remain at home in safety and comfort’.
- 3.11 Our review, however, also identified some shortcomings in current policies for adaptations. Housing Renewal policies should go beyond simply basing priorities on past performance and experience of previous years in responding to the demand that presents itself through applications for services. We often found a poorly presented strategic case, and need for adaptations and information on future needs is often underplayed. Whilst local authorities and partners hold activity data on past performance in providing adaptations, they are not sighted as to whether this activity is meeting all of the need for housing adaptations and public bodies in many areas do not pool information to better understand future demand.
- 3.12 There are some good examples of joint working between agencies to consider the overall demand for adaptations – for example, in Cardiff through the Accessible Homes Register and in Swansea and Wrexham. However, these approaches are often the exception. Even where public bodies work together to better understand demand, data is often not used to set out how authorities intend to address the needs of disabled and older people in the medium-to-long term. In terms of needs assessment, the data most frequently identified and used in strategic planning and needs mapping for future services, is historic trend and spend information, but only where it relates to an organisation’s own performance. Agencies rarely collate sufficiently detailed information and data to provide a strategic overview of current performance and activity to inform future need.

Good Practice – Cardiff Accessible Homes Project

The project has developed a Housing Register specifically for people with physical impairment who are seeking to move to alternative accommodation. Initial grant funding from the Welsh Government enabled a partnership of housing, social care, health and voluntary agencies in Cardiff to be established. The partnership identified the housing needs and preferences of clients, and developed a database of existing adapted properties across all housing associations in Cardiff, and a 'matching' process to allocate adapted properties. The outcome for clients is an improvement in the options available to those in unsuitable accommodation. For landlords, there has been an improvement in letting times and existing adapted properties are being used more effectively. By identifying existing, suitably adapted dwellings and matching them with a client in need, the project maximised the use of existing resources. The project provided a database of the needs of people with physical disabilities, which informed provision at a strategic level. The Cardiff Accessible Homes project demonstrates growing focus on value for money through development of integrated systems in the capital covering the work of all the housing associations and the local authority.

- 3.13 A small number of respondents to our surveys referenced other data they relied on to plan services, mainly: census data; social-services referrals; private-sector stock condition survey; local housing-market assessment information; and the Welsh Governments Daffodil system. However, no Council or housing association referenced data held by health bodies – a reflection of both housing and health organisations not feeling engaged in strategic discussions on adaptations. Overall, we concluded that public bodies do not have robust approaches to forecasting future demand.

Partnership arrangements are not sufficiently integrated to maximise the potential benefits of adaptations

- 3.14 The assessment for, and provision of, housing adaptations requires effective joint working between housing organisations, health and social-care services to ensure the needs of often very vulnerable people can be met, and their quality of life improved. Effective partnerships allow delivery organisations to make the best use of their resources to maximise impact and value for money. To be truly effective, organisations should therefore seek to align activity and work in partnership. However, given the wide variation in the approaches of the 68 different agencies delivering adaptations works, and the decisions of the Welsh Government and UK legislation on the funding and guidance that underpins activity, the current system can result in the reinforcement of inequalities for disabled and older people.

- 3.15 We surveyed the delivery organisations responsible for delivering adaptations in Wales – local authorities, housing associations and Care and Repair bodies – on the scale and range of current partnership and joint working arrangements. The detailed findings are set out in [Appendices 6, 7 and 8](#). In summary, we found that few local authorities have formal partnership forums or cross-sector working groups, and partnership arrangements are generally underpinned by informal contact. Joint working between local authorities and Care and Repair is more likely to take place than with housing associations, the third sector, other local-authority services or health bodies.
- 3.16 Delivery organisations do not always take a whole resources view of their adaptations work that considers the availability and use of all monies within an area. Aligning and pooling budgets enables partners to work together to consider their budgets and align their activities to deliver agreed aims and outcomes, while retaining complete accountability and responsibility for their own resources. Collaboration can lead to better outcomes for local people and drive better value for money. Given the constraints on public finances, it is essential that public bodies align budgets where possible to deliver more efficient and effective services that better meet citizens' needs.
- 3.17 For example, we found poor joint working practices between housing allocation staff and Grants officers to improve use of already adapted homes. Policies are often property, rather than client focussed, and rarely make the strategic link to other organisations and the wider needs of disabled and older people. This is despite the Welsh Government's Framework for Action on Independent Living that commits to improving access to adapted and accessible housing for disabled people. The Framework identifies the Housing (Wales) Act 2014 and the use of Accessible Housing Registers as key opportunities to bring about improvements¹⁹. Too often, matching applicants to adapted homes via accessible homes registers does not happen. Instead adaptation policies continue to be focussed on the work of individual organisations, usually centred on processes for deciding on and managing grant applications, approvals and delivery or work to a social-housing landlord's property.

19 Welsh Government, [Framework for Action on Independent Living, 2014-15 Outcome Measures](#), 2014

- 3.18 Few local authorities have comprehensive and integrated Housing Renewal Policies that link decisions on grant investment with better use of existing adapted housing. A recent Shelter Cymru report found that housing associations who have comprehensive approaches to adapted housing are more likely to integrate funding and make better use of adapted properties.²⁰ We identified few examples of delivery organisations taking an holistic view of funding linking DFGs with existing adapted homes and local spending on PAGs, the Rapid Response Adaptation Programme and a landlord's own resources.
- 3.19 Effective relationships can only be achieved through appropriate training, time spent in working collaboratively and integrating resources, processes and systems to provide a seamless service to disabled and older people. We found that because funding is not always joined up or aligned, resources are spread too widely, which affects delivery organisations' ability to target funding better to maximise impact. Only seven local authorities pool funds with Care and Repair, and no pooling of funding takes place between local authorities and housing associations. Likewise, co-locating staff to provide a single one-stop-shop service is limited. Only seven local authorities have combined Occupational Therapy and housing-adaptation teams to create single point-of-contact arrangements to improve the accessibility to services. Our survey of Occupational Therapists bears this out with 67% of respondents noting that they do not work in an integrated team across health and social care.

20 Welsh Government Social Research 2013, **Accessible social housing in Wales: a review of systems for assessment, recording and matching**, (Shelter Cymru website)

21 Social prescribing is a means of enabling primary care services to refer patients with social, emotional or practical needs to a range of local, non-clinical services, often provided by the voluntary and community sector. Recognising that people's health is determined primarily by a range of social, economic and environmental factors, social prescribing seeks to address people's needs in a holistic way. It also aims to support individuals to take greater control of their own health.

- 3.20 There are some areas where greater collaborative working across professional boundaries is taking place. For instance, GP surgeries working with Occupational Therapists, leading to improved outcomes for people in need of housing adaptations. Similarly, we identified some good examples of closer working with health professionals such as social prescribing²¹ with Care and Repair, and some local authorities are beginning to improve collaborative working through the creation of integrated housing-adaptation teams.
- 3.21 Co-locating services can improve both first point of contact arrangements and accessibility to services, and allows organisations to maximise the availability of and customer access to adaptations. A small number of local authorities, including Swansea and Cardiff, have developed integrated approaches to housing adaptations, drawing together grants, building surveyors and Occupational Therapists into single teams. However co-locating services to improve delivery of housing adaptations rarely happens. Most organisations involved in providing housing adaptations continue to work in isolation focussing on their individual responsibilities, rather than working holistically to address people's housing and health needs.

Adaptations can help people avoid going to hospital and speed up patient discharge, but too often these benefits are not being realised

- 3.22 Whilst the role of adaptations in reducing the risk of falls and other accidents in the home, and in preventing hospital admissions and speeding up discharge is growing, the importance of adaptations is not always reflected in local partnership arrangements between housing, health and social-care bodies. With the exception of Occupational Therapists, health professionals noted that the different local-authority and housing-association systems for administering, approving and delivering adaptations are difficult to navigate. Because most adaptations are reactive (following a crisis) rather than preventative (before the crisis) the engagement and relationship between delivery organisations carrying out adaptations and health bodies are often less well developed.

3.23 Whilst the majority of health bodies felt they understood how adaptations could contribute to hospital discharge and prevent avoidable admissions, many noted concerns with the timeliness of adaptations. In particular, health respondents noted issues of concern in respect of timescales and processes for delivery of adaptations; complexity and inconsistency in the range of services available within an area; availability and accessibility of funding; and need to train and inform health professionals to improve usage and take-up. The findings of our discharge planning survey of health bodies set out in [Exhibit 12](#) show that almost half of health-body respondents felt that they were 'rarely' or 'never' engaged in discussions on how to make better use of, or improve access to, adaptations.

Exhibit 12: health bodies' understanding and awareness of housing-adaptation systems and delivery



Source: Wales Audit Office, Discharge Planning Survey

3.24 Only half of the 22 local authorities felt that their health board was making the best use of housing adaptations. Similarly, over half of the housing associations we surveyed (17 of 33 associations) did not know how integrated or effective joint-working arrangements are between public bodies in delivering adaptations. There are some good examples of effective joint working between health bodies and local authorities to make the best use of adaptations. Caerphilly County Borough Council, through its Joint Hospital Discharge Team, is helping to speed up and improve discharge of patients from hospital. The local authority has published 'Leaving Hospital' online guidance, and its work with Aneurin Bevan University Health Board is improving discharge planning and performance. We found similar approaches in Cardiff and the Vale of Glamorgan with the integrated discharge service, which we highlight as good practice.

Integrated Discharge Service – Cardiff and Vale Health Board

A collaborative and integrated approach on housing adaptations by Cardiff and Vale Health Board, local-authority partners and Care and Repair is leading to a reduction in the number of delayed transfers of care attributed to housing reasons.

The integrated discharge service uses a stock of adapted homes as step-down accommodation as an interim solution to help improve the patient flow from hospitals. The local authority manages this accommodation, but the health board work with the local authority to identify appropriate referrals into these adapted homes. It is offered as an alternative to people who are waiting to be discharged from hospital but whose homes are not yet adapted to meet their needs.

Two local-authority employed housing-support officers are based in the health board and act as a conduit between the health board and councils on a daily basis, providing practical in-house expert knowledge of the housing-adaptation system. They are effectively in-house experts who know the system and weekly meetings are held between these housing-support officers and health-board staff whereby a list of roughly 200 patients are analysed in order to determine their care and housing needs once discharged from hospital.

In addition, the health board, Cardiff City and County Council, the Vale of Glamorgan Council, and Care and Repair operate a shared equipment store, which helps to manage the demand for adaptations by enabling them to quickly deal with minor works required. This is seen as vital to the health board as its focus very much moves to preventing the need for people to be admitted to hospital in the first place.

3.25 Overall, however, our findings reinforce our conclusion that public bodies continue to have a limited strategic focus on adaptations, concentrating on organisational specific responses rather than how best collectively to meet the needs of disabled and older people.

Part 4

Public bodies have a limited understanding of the longer-term wellbeing benefits of housing adaptations and there remains significant scope to reform the system to measure and improve equality and wellbeing

- 4.1 Public bodies need good-quality and wide-ranging performance information to set their strategic plans for the future. A good range of performance data will also enable public bodies to judge how well services are performing and identify where improvement is required. Performance information should cover both financial and non-financial measures and allow public bodies to evaluate how successful they are, typically in terms of making progress towards their long-term goals.
- 4.2 In this final part of the report, we review the current arrangements in place to oversee the 68 delivery organisations' performance in undertaking circa £60 million of annual expenditure on adaptations. We consider the robustness of these arrangements and the planned changes to the performance management framework of the Welsh Government's Enable review. We also consider service-user satisfaction levels and whether the current approaches to evaluate performance are sufficiently focussed on understanding the impact of investment choices on individuals' wellbeing.

Recipients of adaptations that we surveyed are very satisfied with their adaptations

- 4.3 Overall, the people we surveyed who have received housing adaptations provided positive feedback on their experience with roughly three-quarters of respondents rating application processes as excellent or good. In addition, 91% of survey respondents are satisfied with the time taken to deliver their adaptations. Importantly, 89% of recipients of adaptations we surveyed felt the work undertaken allowed them to undertake everyday tasks more easily and 85% that the works had improved both their confidence and independence. Seventy-eight per cent of respondents also noted that the adaptations they received had reduced the incidence of accidents or falls in their home and 61% felt they needed less help and support to live independently. These are all good outcomes highlighting the positive impact adaptations can make to improve the wellbeing of vulnerable people, despite some of the delays and system problems noted above.

- 4.4 Our survey also identified some important variations. Generally, satisfaction with application processes is higher for DFG recipients than people who received a PAG. Whilst delivery organisations are generally good at providing disabled and older people applying for adaptations with the right contact details, the quality of ongoing support and help provided to applicants throughout the life of the adaptation is less effective. People under 55 have a more positive experience of adaptations than other groups of applicants, especially those aged 75 and over. In addition, 65% of disabled and older people we surveyed noted that help or support is not provided by delivery organisations where they were required to contribute financially to the cost of an adaptation, and 76% noted that they were offered little or no choice on the adaptations that were finally delivered.

Weaknesses in oversight of performance reinforce the inequalities of the system caused by the different sources of funding

Performance indicator data is only currently published for Disabled Facilities Grants provided by local authorities, so it is not possible to compare performance across all delivery organisations

- 4.5 Despite the wide range and different sources of funding for housing adaptations, there is only a small range of national publicly reported performance indicators. These cover the work of local authorities in delivering DFGs and cover average time taken, the number of DFGs completed by tenure, and the amount spent in the financial year. The information reported on local authorities' performance specifically covers DFG activity for all 22 authorities, but does not include the adaptation expenditure or activity on council housing for the 11 authorities who retain social housing. Consequently, the performance indicators only present a partial picture of expenditure and performance by local government.
- 4.6 There are no nationally-reported performance indicators for housing associations for their delivery of PAGs, although Welsh Government collects some data on expenditure and the number of PAGs delivered in each financial year. Similarly, whilst Welsh Government receives information on the performance of Care and Repair in respect of the Rapid Response Adaptation programme, this information is not published.

- 4.7 The lack of nationally-reported performance indicators means that it is not possible to fully evaluate and understand the performance or effectiveness of individual agencies, or the efficiency and impact of the 'whole' adaptation system. Neither the individual delivery organisations nor the Welsh Government is sighted of the relative performance of the whole adaptation system. Current performance is only reported for 55% of annual expenditure on adaptations and 14% of disabled and older people who receive adaptations from delivery organisations. This makes it difficult to judge how well organisations are performing and the positive impact of adaptations on people's lives.

The National Performance Indicator for Disabled Facilities Grants shows a reduction in the average length of time taken to complete adaptations, but the methodology is not robust and the Performance Indicator needs updating

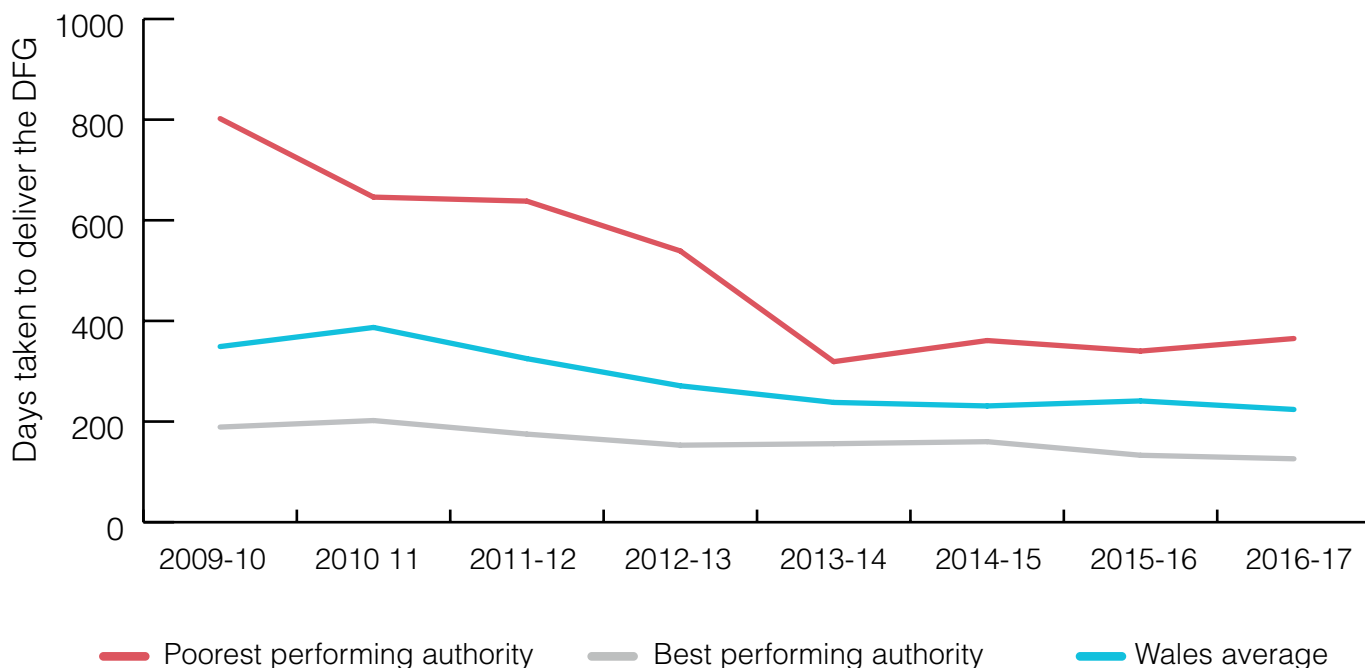
- 4.8 The key national performance indicator for DFGs measures the average number of days that local authorities take to deliver individual grants. However, performance measures assessing averages can mask the scale of local-authority performance and does not measure the impact or benefits of investment. In 2016-17, the average number of days that local authorities across Wales took to deliver DFGs was 224 days, an improvement in performance on the previous year where the average was 241 days.²² Since 2009-10, the average time taken to deliver DFGs has reduced from around 350 days.
- 4.9 In 2016-17, the average number of days taken to deliver a DFG ranged from 126 days in Powys to 356 days in Monmouthshire. This means that a disabled or older person in Monmouthshire waits on average eight months longer than in Powys. Overall, ten authorities reduced the average time taken to deliver DFGs compared to the previous year and 12 took longer on average. However, between 2009-10 and 2016-17 the rate of improvement for the better performing local authorities has plateaued. This suggests that there is an optimum level of performance that delivery organisations can achieve and, consequently, there is limited scope for improving timeliness beyond the current best-performing local authorities – **Exhibit 13** overleaf.

²² Welsh Government (StatsWales website), **HOUS1301: Disabled Facilities Grants**, February 2017

- 4.10 The Welsh Government's review of Independent Living Adaptations²³ in 2015 identified that the performance indicators focus solely on inputs, outputs and timeliness but do not cover important issues such as customer satisfaction and the positive impact of the adaptation on disabled and older people. A number of local authorities are concerned that some delivery organisations manipulate how they record data and are consequently not accurately reporting their performance.
- 4.11 For example, not recording the true time taken to deliver a DFG from initial first contact (the 'start' date) to completion of the adaptations (the actual 'end' date), and there is potential for 'gaming', whereby authorities could 'stop the clock' at different times and different stages to improve performance. Indeed, the Welsh Government in its 2015 review concluded that: 'The way in which Performance Indicator (PI) information is currently collected is not consistent across the 22 local authorities in Wales, despite clear guidance issued by the Welsh Government. It was suggested by some stakeholders that some local authorities are deliberately ignoring guidance in order to make delivery times look better.' The issues surrounding the definition and consistent measurement of performance are being addressed through the Welsh Government's 'Enable' review.

²³ Welsh Government Social Research, [A Review of Independent Living Adaptations](#), January 2015

Exhibit 13: the average number of calendar days taken to deliver a Disabled Facilities Grant by local authorities 2009-10 to 2015-16



Source: NSIW0001: National Strategic Indicators (NSI) data collection, Welsh Government.

The Welsh Government through ‘Enable’ is addressing performance-reporting weaknesses, but the new system has some gaps

4.12 The Welsh Government, through its ‘Enable’ review, has sought to address some of these weaknesses through the introduction of a new system for monitoring and reporting performance in delivering housing adaptations. The new system, introduced in January 2017, requires local authorities and housing associations to record the same core set of information in respect of every DFG and PAG they deliver. Exhibit 14 below sets out the new performance information established by the Enable review, which local authorities and housing associations are required to submit to the Welsh Government.

Exhibit 14: the performance-reporting standards developed for Disabled Facilities Grants and Physical Adaptation Grants under the Welsh Government Enable scheme

The performance-reporting standards developed for Disabled Facilities Grants and Physical Adaptation Grants under the Welsh Government Enable scheme

All organisations	<p>Age of applicant.</p> <p>Housing tenure.</p> <p>Date of first contact with the delivery organisation.</p> <p>Source of referral.</p> <p>Whether an Occupational Therapist or trained assessor is required.</p> <p>Date that the need for adaptation was identified (by Occupational Therapist or trained assessor).</p> <p>Category of adaptation, (small, medium or large).</p> <p>Completion date of the adaptation.</p> <p>Whether the adaptation enabled hospital discharge.</p> <p>Overall cost of works (including VAT).</p> <p>Source of funding.</p> <p>Predicted outcome for person.</p> <p>Customer overall satisfaction.</p>
Local-authority DFG specific	<p>Whether a person is required to make a financial contribution.</p> <p>If a contribution is required, the amount of contribution.</p>
Housing-association PAG specific	<p>Date that the Physical Adaptation Grant is referred to the Welsh Government for approval.</p> <p>Date of Welsh Government approval of the Physical Adaptation Grant.</p>

Source: Wales Audit Office review of Welsh Government information

4.13 We identified some weaknesses with the new Enable framework. Firstly, whilst Enable is seeking to enhance oversight of local-authority and housing-association performance and expenditure, coverage has not been extended to include investment in adaptations to local-authority housing or LSVT homes. The new approach therefore omits roughly 25% of all investment and approximately 30% of the disabled and older people who receive adaptations annually. Whilst the new performance standards introduced through Enable are a step forward in allowing delivery organisations to be able to judge the effectiveness of their management systems, some of the main causes of delays that we have identified in our review are not included. In particular, data relating to planning permissions or utility-company approvals; delays created by applicant/household choices or decisions; equalities data capturing the ethnicity of the applicant; delays arising from difficulties appointing contractors; and the time taken and outcome of the suitability of a home for adaptation. These gaps will limit the usefulness of the data being collated and will not allow the Welsh Government and delivery organisations to fully evaluate all aspects of the complex adaptation system.

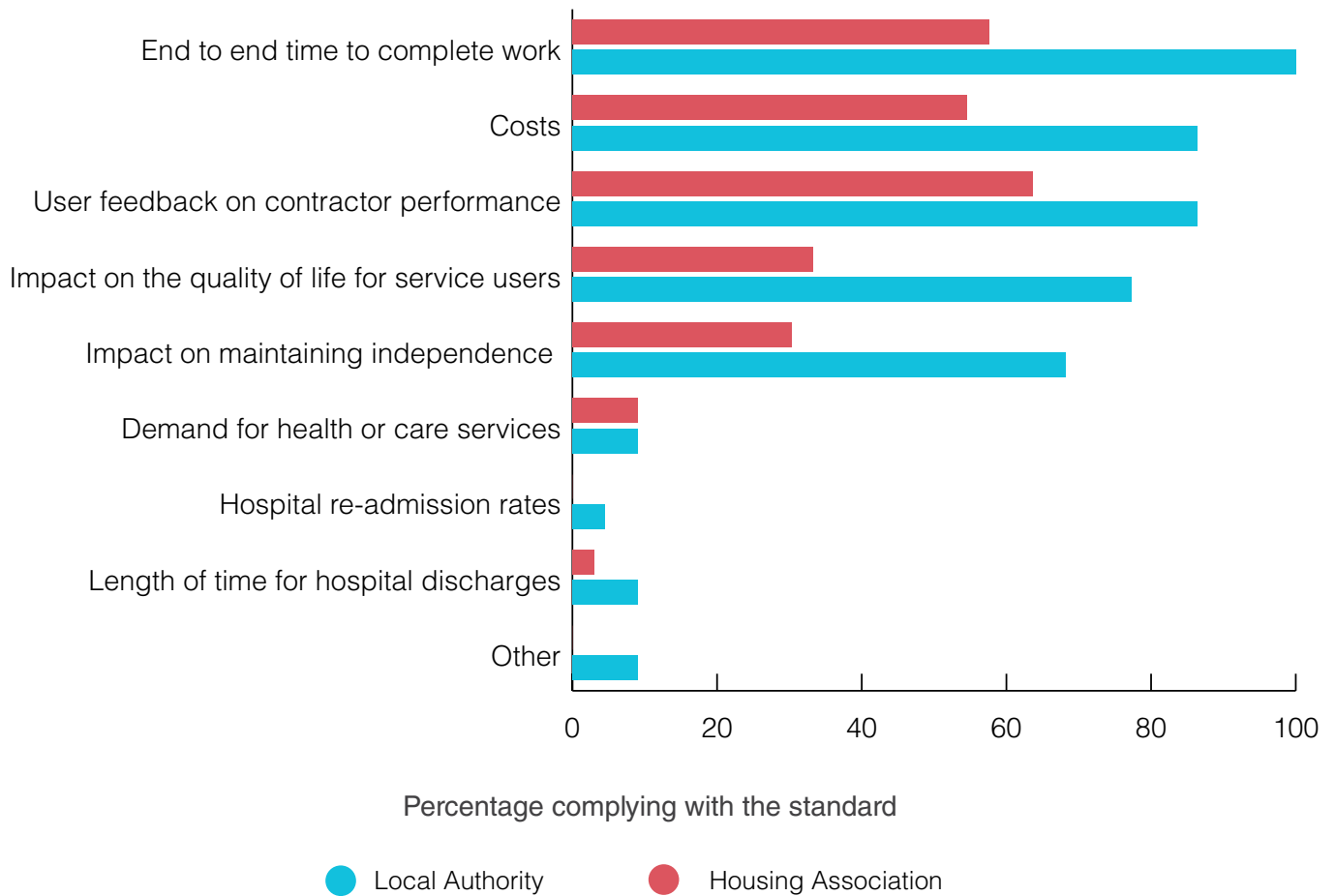
Performance management focuses too much on individual organisation inputs and outputs rather than improving outcomes and the preventative benefits of adaptations

4.14 Historically, the adaptation of buildings is seen as the domain of housing bodies and, to a lesser extent, social-services authorities. Increasingly, adaptations are recognised as the responsibility of health, planning, architectural, education and leisure services amongst others. It is important therefore that a modern adaptation service embraces and uses the skills and experience of a wide range of disciplines in delivering work, but also focuses on understanding not just the efficiency of delivery systems but the wider benefits of adaptations.

- 4.15 In our review, we found that delivery organisations are mostly focussing their performance management and evaluation on inputs and outputs associated with delivery of adaptations. **Exhibit 15** (overleaf) summarises the current approaches of local authorities and housing associations for monitoring and evaluating performance. There continues to be a limited focus on the wider benefits of adaptations for disabled and older people, or on health and social-care services, because performance focuses too much on end-to-end delivery and cost of grants. Current monitoring focuses too much on the mechanics of delivering adaptations and not enough on impact, wellbeing and the wider benefits of investment. Public bodies find it difficult to evaluate performance because of these weaknesses.
- 4.16 The Equality Act 2010 (the 2010 Act) states that a landlord or manager of a property has a duty to make reasonable adjustments and must do this if a disabled or older person is disadvantaged by something because of their disability.²⁴ The 2010 Act recognises that adaptations are important services that positively advance equality of opportunity and support the wellbeing of disabled and older people. Many local authorities and housing associations have set policy objectives to support people with disabilities to live independently. Despite highlighting equality as a key policy objective, we found that few delivery organisations collect and evaluate a sufficient range of data to demonstrate and ensure fair access to services. Only seven of the 22 local authorities and 11 of the 33 housing associations responding to our surveys stated that they collect equalities information on recipients of housing adaptations. This is a major weakness in current arrangements.

²⁴ The Equality Act 2010 does not require a landlord to make changes which affect the structure or which would substantially and permanently alter the home – for instance, revising the internal layout by removing walls or widening doors. There are some things they must do, however, to adapt the home for a disabled or older person and if it is reasonable to do so.

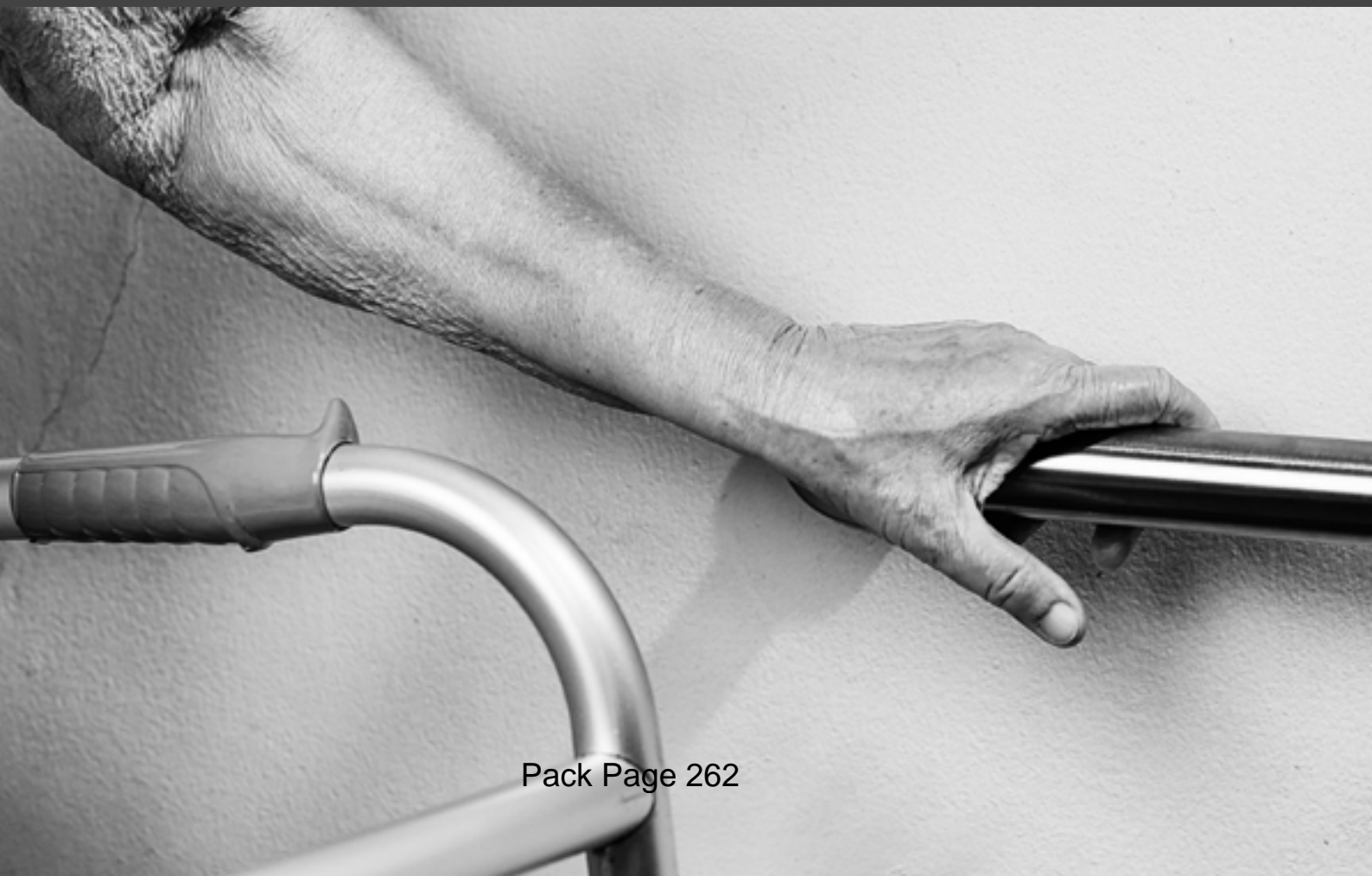
Exhibit 15: the data collected by local authorities and housing associations to measure and evaluate their performance in delivering adaptations



Source: Wales Audit Office Survey of local authorities and housing associations.

- 4.17 In Part 3 of this report ([Exhibit 10](#) on page 57) we set out some of the benefits and beneficiaries of adaptations. For individual families these include improved dignity, independence, health (physical and mental), greater levels of social inclusion and improved opportunities for education and employment for disabled and older people; reduced physical and mental strain and more freedom and peace of mind for family carers. Health bodies also highlight that delivery of adaptations contribute to improving discharge delays and help prevent hospital admissions or residential care placements through fewer accidents or falls in the home. Despite many local authorities and housing associations acknowledging the importance of adaptations in enabling disabled and older people to live independently and in preventing demand on health and social-care services, we found little evidence of delivery organisations undertaking robust evaluation of these wider and longer-term benefits of adaptations.
- 4.18 Various local authorities, housing associations and Care and Repair agencies undertake post-adaptation satisfaction surveys with disabled and older people. There is also a wide variation in how feedback from service users is used and we identified opportunities to use this feedback to both strengthen understanding and improve delivery. Surveys are usually undertaken at the point the physical building works have been completed, which does not allow for a full consideration of the benefits of the work on disabled and older people. Key outcomes such as independence, wellbeing, reductions in accidents or falls and greater independence are most often not captured.
- 4.19 For example, whilst almost all delivery organisations used survey findings to help judge the quality of building works and contractor performance, less than half of local authorities and housing associations use the data to examine performance through scrutiny committees or governance boards, and just over half to improve joint working. Roughly a half of housing associations and local authorities use service-user feedback in discussion with the Welsh Government to identify opportunities to improve delivery and performance. Finally, six housing associations do not report and evaluate performance at all. Our analysis shows that at present, using data to judge performance and support future decision making in respect of adaptations continues to have many limitations.

Appendices



Appendix 1: Study Methodology

Review of literature

We have reviewed a wide range of documents and media, including:

- Welsh Government policy and guidance documents;
- local-authority plans and strategies for Housing Renewal; and
- other relevant research and guidance from Shelter Cymru, WLGA and research bodies.

National Interviews

We interviewed representative of the Royal College of Occupational Therapy, Tai Pawb, Public Health Wales, the Welsh Local Government Association, the Welsh Government and Community Housing Cymru.

Data and statistical analysis

We have collated and analysed a wide range of performance indicator returns and budget data available online at the Office for National Statistics and StatsWales.

We analysed spending data for all local authorities, housing associations and Care and Repair agencies in Wales.

Local-authority and housing-association fieldwork

We visited six local authorities and four housing associations in Wales in 2016-17. The local authorities selected represented a mix of city, urban, rural and valley authorities, which are geographically spread across Wales. The four housing associations selected included three traditional community-based associations and one LSVT housing association. The fieldwork sites were:

- Caerphilly County Borough Council
- Cardiff Community Housing Association
- Conwy County Borough Council
- Melin Homes
- North Wales Housing Association
- Newport City Council
- Pembrokeshire County Council
- Powys County Council
- V2C Housing Association

During the visits, we interviewed a range of staff. In addition, we reviewed detailed documentation for Gwynedd County Council, Torfaen County Borough Council and Wrexham County Borough Council.

Surveys and data collection

We undertook a range of online surveys and we surveyed and collected data from:

- Occupational Therapists working with the Royal College of Occupational Therapy and received 71 responses;
- 12 NHS organisations, a mix of health boards and a sample of hospitals, covering all Health Board areas in Wales;
- all 22 local authorities covering management and delivery of adaptations, including specific information on the 11 authorities which retain their social-housing stock;
- the 33 major housing associations covering management and delivery of adaptations, including the 22 which are in receipt of Physical Adaptations Grant monies and the 11 LSVT associations; and
- the 13 Care and Repair agencies on delivery of the Rapid Response Adaptation programme and strategic working to deliver adaptations.

We also commissioned a telephone survey and completed 521 surveys of disabled and older people who received either a Disabled Facility Grant (DFG) or Physical Adaptation Grant (PAG) in 2015-16. The sample for the survey covered all areas of Wales and both DFG and PAG funding.

Appendix 2: Definition of housing associations and Care and Repair agencies

Organisation	Remit	Coverage
Housing Associations	To be accepted as a housing association, organisations must satisfy a number of conditions including any surpluses are retained by the organisation to be applied to social-housing purposes. The organisation should operate with high standards of housing, business and financial management. Board membership must be voluntary, and non-executive Directors must not be remunerated. There should also be Independence from other organisations, including a limit of 20% on local-authority ownership or representation on Boards of Management.	Twenty-two housing associations deliver Physical Adaptations Grants to their homes and provide housing for rent in all local-authority areas in Wales.
Large Scale Voluntary Transfer (LSVT)	LSVT housing associations are created as the result of the transfer of ownership of local-authority stock following agreement of a majority of tenants in a ballot. The key features of a LSVT are transferring tenants are offered benefits such as rent guarantees, stock investment programmes and rights as 'assured tenants'. The new landlord must be registered with the Welsh Government, complying with the requirements for community or traditional housing associations. Transfers are funded via a mix of public and private monies.	Eleven LSVT housing associations covering the local-authority areas of: Blaenau Gwent; Bridgend; Ceredigion; Conwy; Gwynedd; Merthyr Tydfil; Monmouthshire; Neath Port Talbot; Newport; Rhondda Cynon Taf; and Torfaen.
Care and Repair	Care and Repair is a national charitable body that seeks to ensure that all older people have homes that are safe, secure and appropriate to their needs. Since 2002-03, the Welsh Government has funded Care and Repair to deliver the national Rapid Response Adaptations Programme.	Thirteen Care and Repair agencies cover the 22 local authorities in Wales.

Appendix 3: The five different public funding routes for adaptations in Wales

The five different public funding routes for adaptations in Wales

Disabled Facilities Grants

Under the Housing Grants, Construction and Regeneration Act 1996, local authorities provide Disabled Facilities Grants (DFGs). These are mandatory grants available to help disabled and older people to remain living independently in their own homes. Owner-occupiers, landlords as well as local-authority, private-rented and housing-association tenants can apply for a DFG.

The 1996 Housing Grants, Construction and Regeneration Act set the basis for the provision of DFGs. The Housing Renewal Grants Regulations 1996 (Wales) set out the criteria used to test financial resources and the maximum level of grant that local authorities can pay for an adaptation, which is currently £36,000. Local authorities have discretionary powers to provide funding for adaptations, repairs and improvements under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. Local authorities can provide assistance under that Order in the form of a grant, but it is often a loan. Local Authorities have their own policies on the level of and form of the discretionary assistance they offer and the conditions a person must meet to qualify. The Welsh Government published supplementary housing renewal guidance (NAfW 20/02) to accompany the Regulatory Reform Order. The Welsh Government updated that guidance in 2010.

DFGs are means tested and applicants' contribution towards the cost of works depends on their assessed levels of income, savings and outgoings. Local authorities have a duty to conduct those assessments. The Welsh Government, however, excludes families with dependent disabled children or young people under 19 from means testing. Before issuing a DFG a local housing authority must satisfy itself that the works are 'necessary and appropriate' to meet the needs of the disabled or older person, and are 'reasonable and practicable' depending on the age and condition of the property. In reaching a decision, authorities need to consider whether DFG is:

- needed to provide for a care plan to be implemented which will enable the disabled or older occupant to remain living in their existing home as independently as possible; and
- meet, as far as possible, the assessed needs of the disabled or older person taking into account both their medical and physical needs.

Physical Adaptation Grants

The Welsh Government provides Physical Adaptation Grants (PAGs) to housing associations to adapt homes for their tenants where there is an identified need for assistance. Tenants of housing associations cannot apply as an individual for funding. Welsh Government officials approve all PAG funding. Currently, 22 major housing associations receive PAG funding.

The five different public funding routes for adaptations in Wales

Housing Revenue Account funding of adaptations to local-authority housing

The Housing Revenue Account (HRA) is a ring-fenced account within a local authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of it. The items to be credited and debited to the HRA are prescribed by statute. These include expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 and Schedule 4 to the 1989 Act (as amended) which specifies the debit and credit items to be recorded in the HRA. Permissible debit items include expenditure on repairs, maintenance and management, capital expenditure and rents, rates, taxes and other charges. The cost of adaptations is included as an area of activity for investment. Whilst tenants can apply for financial assistance to modify their homes typically, the local-authority landlord provides and funds adaptations for their own stock.

Large-scale voluntary transfer (LSVT) housing associations

PAGs are not available to the 11 housing associations that were created through transfer of housing stock from a local authority. LSVT housing associations can either apply to local authorities for a DFG or use their own funding to provide adaptations in their properties. Tenants of stock-transfer associations cannot apply as individuals for funding of an adaptation and are therefore dependent on their landlord agreeing to adapt their home. The Welsh Government requires LSVT housing associations to set out their anticipated investment for housing adaptations in the offer document when tenants are balloted on whether to support stock transfer. If the stock transfer is supported and the housing stock and tenants transfer from the local authority to a new housing-association landlord, then the cost of adaptations work has to be funded from the stock-transfer association's maintenance budgets rather than via PAGs. However, some of organisations now find that their anticipated investment is insufficient to meet the rising demand for housing adaptations from their tenants. LSVT housing associations neither require approval from the Welsh Government nor do they need to comply with the Welsh Government's PAG criteria.

Rapid Response Adaptations Programme (RRAP)

The Welsh Government has funded Care and Repair agencies to deliver the Rapid Response Adaptations Programme (RRAP) since 2002-03. The programme is unique to Wales. The RRAP allows Care and Repair agencies to carry out minor adaptations such as handrails, to enable people to return safely to their own homes from hospital and thus improve hospital discharge. The Welsh Government expects these adaptations to be completed within 15 working days; however, adaptations can be carried out immediately in response to a crisis. The RRAP is only available for owner-occupiers and private-rented tenants. Care and Repair has sought to widen coverage to other tenures but the Welsh Government has yet to approve this extension.

Source: Wales Audit Office analysis of grants and funding for adaptations.

Appendix 4: Total projected population aged 65 and over unable to manage at least one domestic task on their own

Local Authority	2015	2020	2025	2030	2035	% change
Blaenau Gwent	5,232	5,632	6,162	6,760	7,390	29.20%
Bridgend	11,108	12,548	14,212	16,063	17,861	37.81%
Caerphilly	12,976	14,565	16,441	18,462	20,452	36.55%
Cardiff	20,619	22,551	25,365	28,933	32,677	36.90%
Carmarthenshire	16,966	18,857	21,163	23,681	25,891	34.47%
Ceredigion	7,006	7,780	8,666	9,516	10,181	31.19%
Conwy	12,853	13,951	15,324	16,884	18,324	29.86%
Denbighshire	8,764	9,738	10,862	12,128	13,293	34.07%
Flintshire	12,134	13,912	15,820	17,880	19,796	38.70%
Gwynedd	11,133	11,928	12,918	13,997	14,942	25.49%
Isle of Anglesey	6,977	7,725	8,591	9,412	10,088	30.84%
Merthyr Tydfil	4,285	4,751	5,336	6,026	6,704	36.08%
Monmouthshire	8,778	10,033	11,370	12,909	14,300	38.62%
Neath Port Talbot	11,332	12,321	13,658	15,182	16,532	31.45%
Newport	10,412	11,187	12,316	13,672	15,154	31.29%
Pembrokeshire	11,990	13,381	14,874	16,461	17,798	32.63%
Powys	13,831	15,775	17,931	20,216	22,222	37.76%
Rhondda Cynon Taf	17,468	19,131	21,163	23,388	25,537	31.60%
Swansea	19,132	20,851	22,954	25,240	27,388	30.14%
Torfaen	7,313	8,094	9,001	10,054	10,994	33.48%

Local Authority	2015	2020	2025	2030	2035	% change
Vale of Glamorgan	10,559	11,977	13,684	15,530	17,193	38.59%
Wrexham	10,317	11,734	13,351	15,124	16,862	38.82%
Wales	251,188	278,422	311,163	347,518	381,580	34.17%

Source: Welsh Government, Daffodil projections

Appendix 5: Projected population aged 65 and over with mobility problems

Local Authority	2015	2020	2025	2030	2035	% change
Blaenau Gwent	2,325	2,510	2,759	3,078	3,400	46.24%
Bridgend	4,946	5,622	6,418	7,345	8,281	67.43%
Caerphilly	5,745	6,489	7,363	8,397	9,456	64.60%
Cardiff	9,374	10,283	11,533	13,188	15,076	60.83%
Carmarthenshire	7,642	8,504	9,562	10,865	12,089	58.19%
Ceredigion	3,152	3,515	3,936	4,402	4,806	52.47%
Conwy	5,863	6,378	7,026	7,828	8,624	47.09%
Denbighshire	3,924	4,374	4,906	5,562	6,202	58.05%
Flintshire	5,395	6,227	7,153	8,221	9,291	72.22%
Gwynedd	5,052	5,438	5,894	6,498	7,039	39.33%
Isle of Anglesey	3,136	3,492	3,914	4,363	4,763	51.88%
Merthyr Tydfil	1,910	2,131	2,405	2,736	3,087	61.62%
Monmouthshire	3,959	4,545	5,179	5,972	6,743	70.32%
Neath Port Talbot	5,095	5,531	6,143	6,905	7,647	50.09%
Newport	4,673	5,058	5,588	6,271	7,021	50.25%
Pembrokeshire	5,378	6,053	6,770	7,610	8,398	56.15%
Powys	6,228	7,127	8,144	9,342	10,466	68.05%
Rhondda Cynon Taf	7,803	8,591	9,534	10,692	11,875	52.19%
Swansea	8,607	9,445	10,427	11,617	12,821	48.96%
Torfaen	3,286	3,653	4,076	4,615	5,131	56.15%
Vale of Glamorgan	4,765	5,409	6,209	7,147	8,048	68.90%

Local Authority	2015	2020	2025	2030	2035	% change
Wrexham	4,626	5,272	6,024	6,942	7,871	70.15%
Wales	112,887	125,645	140,963	159,599	178,134	57.80%

Source: Welsh Government, Daffodil projections

Appendix 6: The views of local-authority managers on the effectiveness of partnership arrangements between their local authority and other organisations delivering housing adaptations

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Care and Repair	5	18	15	15	1	7	1
Housing Associations and/or LSVT Associations that do not manage housing in your area	5	6	13	8	2	1	4
Housing Associations and/or LSVT Associations that manage housing in your area	0	0	3	2	0	0	18
Local authorities	10	14	9	11	1	0	5
Other third sector organisations	1	2	7	4	0	0	12
Users of housing adaptations	0	2	14	8	0	0	5

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Your Local Health Board – other than Occupational Therapy Services	1	4	6	5	0	3	12
Your Local Health Board – through Occupational Therapy Services	5	8	11	10	7	7	3

Source: Wales Audit Office survey of local-authority housing managers. We received responses from all 22 local authorities. Survey respondents could choose more than one response so totals in rows can add up to more than 22. The final column in red is actual numbers.

Appendix 7: The views of housing-association managers on the effectiveness of partnership arrangements between their housing association and other organisations delivering housing adaptations

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Care and Repair	3	6	17	9	0	0	7
Housing Associations and/or LSVT Associations that do not manage housing in your area	7	12	20	19	1	2	1
Housing Associations and/or LSVT Associations that manage housing in your area	0	0	9	4	0	0	12
Local authorities	1	1	8	3	0	0	8
Other third sector organisations	2	4	10	12	0	0	10
Users of housing adaptations	3	4	9	7	0	2	12

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Your Local Health Board – other than Occupational Therapy Services	0	0	6	2	0	0	14
Your Local Health Board – through Occupational Therapy Services	3	6	17	9	0	0	7

Source: Wales Audit Office survey of housing associations. We received responses from all 33 housing associations which provide adaptations. Survey respondents could choose more than one response so totals can add up to more than 33. The final column in red is actual numbers.

Appendix 8: The views of Care and Repair managers on the effectiveness of partnership arrangements between their organisation and other organisations delivering housing adaptations

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Care and Repair	5	11	5	10	3	2	0
Housing Associations and/or LSVT Associations that do not manage housing in your area	1	3	8	6	0	0	1
Housing Associations and/or LSVT Associations that manage housing in your area	4	3	5	4	0	0	3
Local authorities	0	1	4	2	0	0	5
Other third sector organisations	4	7	4	5	0	0	2
Users of housing adaptations	1	3	7	6	0	0	0

Local Authorities	Member of cross-sector group	Regular meeting	Informal contact	Sharing information	Collocated staff	Pooled resources	No partnership arrangements
Your Local Health Board – other than Occupational Therapy Services	2	8	8	7	3	0	0
Your Local Health Board – through Occupational Therapy Services	5	11	5	10	3	2	0

Source: Wales Audit Office survey of Care and Repair managers. We received responses from all 13 Care and Repair agencies. Survey respondents could choose more than one response so row totals can add up to more than 13. The final column in red is actual numbers.

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