



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 June 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Outcome of Arcus Diagnostics and Feedback
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Deputy Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The Health Board has been escalated into Targeted Intervention (TI) by Welsh Government (WG) on 29 September 2022 for Planning and Finance.

The Audit and Risk Assurance Committee oversees progress against the Health Boards response to TI, however, this report highlights the key finance function specific items associated with an assessment undertaken by Arcus into the effectiveness of finance business partnering within the organisation.

Cefndir / Background

Work has been ongoing since the inception of TI in late 2022, to address the deliverables highlighted by WG. Significant progress has been made on the finance function specific actions, and this report highlights the diagnostic assessment undertaken by Arcus, their conclusions on the current effectiveness of finance offering to the organisation, and recommendations for improvement.

Arcus are industry experts in the field of finance business partnering and have undertaken finance business partner training throughout 2022 commissioned by the NHS Wales Finance Academy on behalf of all NHS Wales Directors of Finance and have covered all organisations in NHS Wales who have finance business partnering teams.

This report sets out the key updates pertinent to the finance functions actions and includes the work that has been submitted to WG in June 2023 and clarifies the remaining Finance actions.

Asesiad / Assessment

A review into the effectiveness of the finance business partnering model within the Health Board has been concluded, undertaken by Adrian Wilmott, an external industry expert in Finance Business Partnering working for Arcus. The accompanying presentation, attached at Appendix 1, articulates the progress, status, and recommendations related to the review.

The review highlights good progress made to date, specifically within the accounting and reporting teams, together with a rigorous forecasting process and getting closer to the service.

It also provides a concise set of recommendations to further develop the strategic role of a finance business partner, specifically surrounding the role clarity between business controllers and finance business partners, to aid dedicated initiate support within the organisation, and for the role of the service to focus on financial discipline and value optimisation.

A task and finish group has been established within the Health Board to take these recommendations forward.

The same report has been shared with the NHS Executive Financial Planning and Delivery team, as part of their review into the Finance Management Principles of the organisation, and with WG, both as part of the June 2023 Quarterly TI meeting.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to receive assurance from the outcome of the Arcus review.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1199 (25) Achieving financial sustainability
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	2. Timely 3. Effective 4. Efficient
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	8c Financial Roadmap

Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	2. Develop a skilled and flexible workforce to meet the changing needs of the modern NHS
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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Arcus – industry experts in the field of finance business partnering
Rhestr Termau: Glossary of Terms:	Contained within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Leadership Team Targeted Intervention Working Group Executive Team NHS Executive Financial Planning and Delivery

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable.
Gweithlu: Workforce:	Finance workforce implications are inherent within the report.
Risg: Risk:	Not applicable.
Cyfreithiol: Legal:	Not applicable.
Enw Da: Reputational:	Not applicable.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.

Hywel Dda University Health Board



**Diagnostic Conclusions,
Finance business partnering.
Final version.**

Adrian Willmott, Arcus Consulting.

May 2023



With thanks to.....

Service / Business

Anthony Tracey	Director, Digital
Janice Cole-Williams	General Manager, Withybush General Hospital
Keith Jones	Director, Acute Services
Lee Davies	Executive Director, Strategy & Planning
Leighton Phillips	Director, Research, Innovation & Value
Lisa Gostling	Executive Director, Workforce & OD
Mandy Rayani	Executive Director of Nursing, Quality & Patient Experience
Peter Skitt	County Director, Ceredigion
Rhian Bond	Assistant Director of Primary Care
Rob Elliot	Director, Estates, Facilities & Capital Management
Sharon Daniel	Assistant Director of Nursing

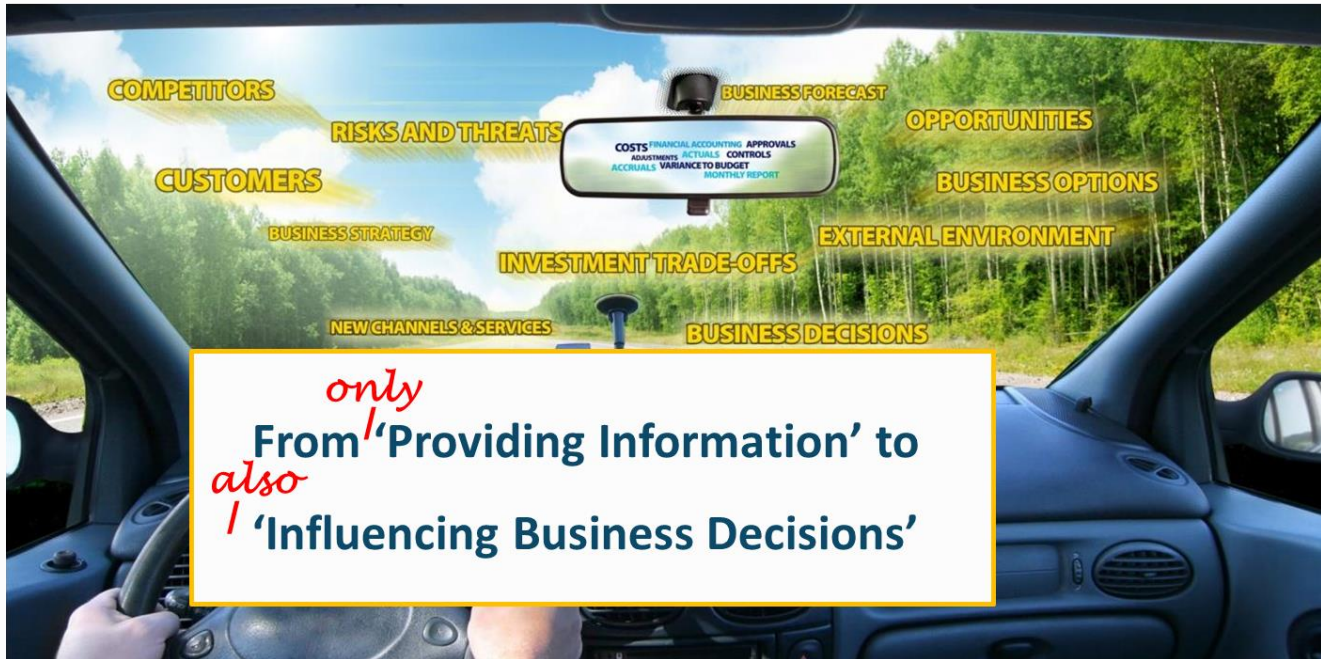
Finance

Alison Wride	FBP, Pathology, Oncology, Women & Children
Andrew Lewis	Senior FBP, Pembrokeshire Health System & Primary Care
Andrew Spratt	Deputy Director of Finance
Chris Williams	Senior FBP, Value & Business Intelligence
Daniel Binding	Senior FBP, Planned Care & Commissioning
Huw Thomas	Executive Director of Finance, Digital & Performance
Katie Stuart-Robson	Assistant Finance Business Partner – Management Accounting
Sharon Roberts	FBP, Planned Care



- 1. Diagnostic of finance partnering in Hywel Dda**
- 2. Summary of Recommended Roles**
- 3. Role Definitions**

There's a reason the windscreen is bigger than the rear view mirror!



Arcus Rule of Thumb:

"A good finance business partner should be able to deliver 20-30 times their cost in value per year"



What is good finance business partnering?

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One of the most important things is for Finance to be more proactive and bring issues and opportunities, with insight, to us without waiting to be asked for some analysis.

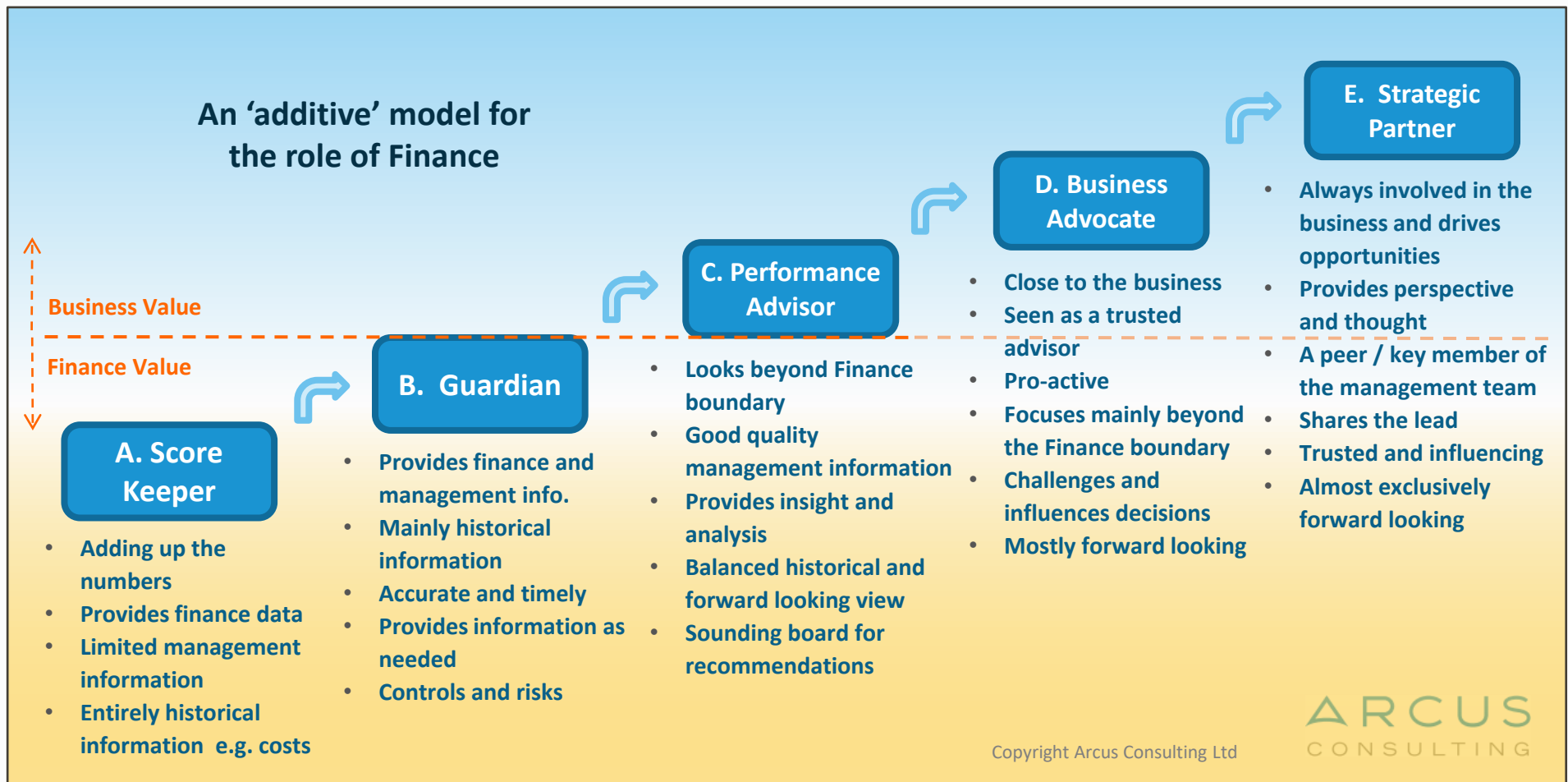
I need someone who understand the business, my priorities, and how they impact finances. Someone who walks along with me.

I need access to a strategic partner, but they always seem to have other priorities, usually within Finance.

”

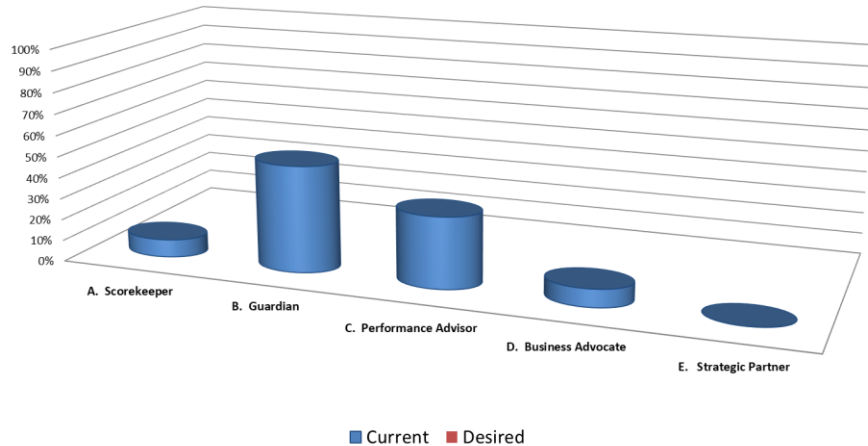
According to one of your service leaders.

What role does Finance play in the service / business?



Current Role of Finance – Service / Business Leaders View

Current Role of Finance
Service / Business Leaders View



Current Business Perceptions

- Half of your service / business leaders perceive today's role as 'B' Guardian.
- With a range of 'A' through to 'D', it suggests a high level of inconsistency across the Board.

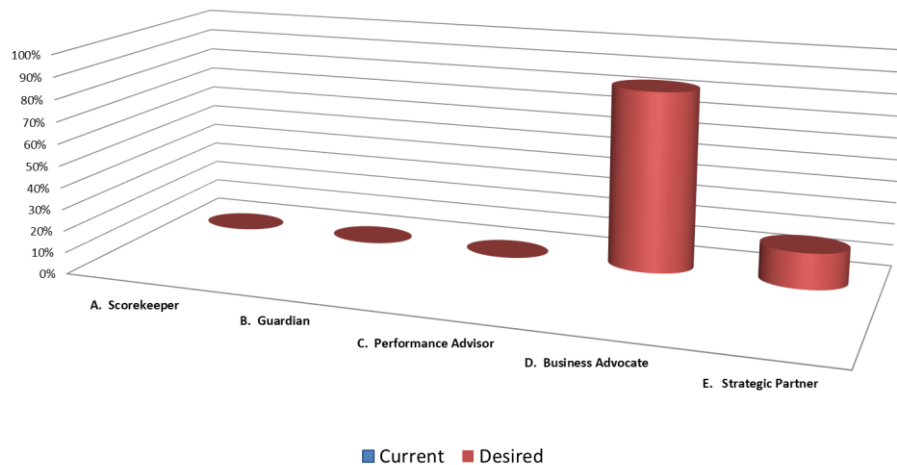
“

- In practice, many of the business partners provide a good management accounting reporting service!
- Finance provides lots of information, but it's not presented to drive decisions. We must decide what it means and what to do.
- Finance shut up shop for a week each month and two weeks at year end. That should not apply to Senior Business Partners?
- Our business partners are helpful, but we always have to chase them. It takes 3 or 4 weeks for any sort of analysis response.
- Finance are on the periphery, not integrated into the team. We have regular virtual discussions, but they're not seeing the system on the ground.
- Business partnering has improved. We're starting to see little bits of C.
- My Senior BP is excellent, but they have too many distractions, especially from Finance. Over-loaded with multiple roles.
- Our BP is fully integrated in our management team and comes to all our meetings
- I feed everything about finance through my Senior BP. But have they become a bottleneck?
- A lot of turnover in Finance, so Health knowledge is insufficient. I've had 3 business partners in the last 4 years.
- When did anyone last run a session on how to manage a Nurses budget? They're not experts in spreadsheets or Finance.

”

Desired Role of Finance – Financial Management

Desired Role of Finance
Service / Business Leaders View

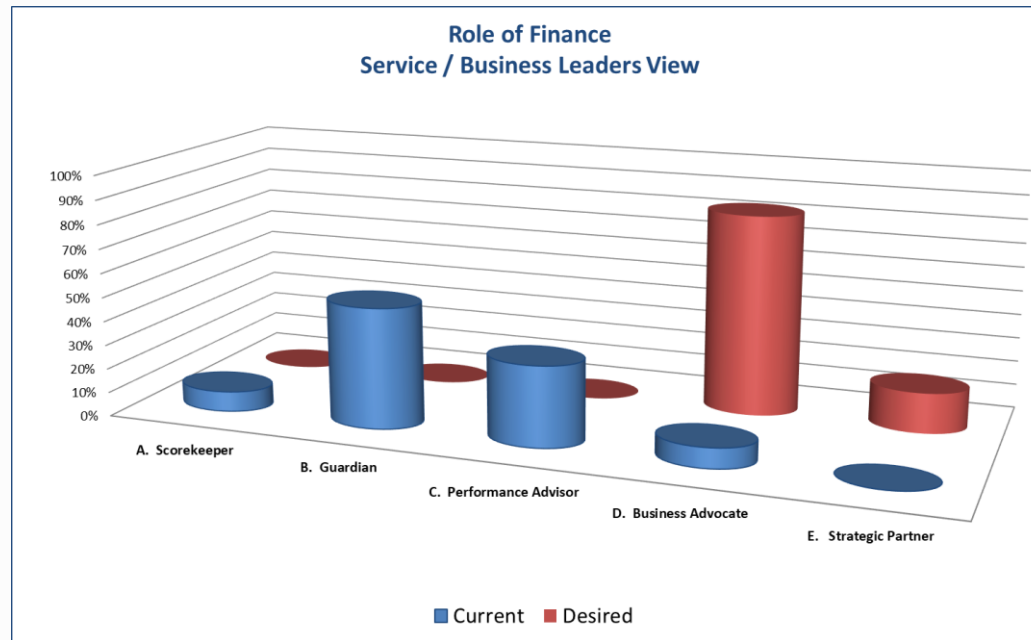


Desired Business Perceptions

- A strong desire across the Board for Finance to step up and provide the role of 'D' Business Advocate - strong business partnering, close to the service, challenging and influencing decisions
- A number of service / business leaders have experienced this in other organisations, including elsewhere in the NHS.

- More strategic involvement, we value your opinion and input
- Don't just provide your finance input, leaving us to work out what do with it. Be involved in decision making.
- Get out of the detail. We trust you. Focus on the big picture. Look beyond 1-year.
- Senior BPs to challenge more and work on the bigger things
- Work within the team to shape options and make trade-offs from the view of Patients, Service, Workforce and Finance.
- Work on the Cross-Directorate issues to add a lot of value.
- Business Partners needs to be part of the management team within the directorate they work.
- Have more of a presence with the team. Why do all three BPs need to disappear for month end?
- Could do with a lot more of getting to root causes.
- More engagement with the counties and not just the sites
- Be present on-site more, not just on Teams. You'll pick up more, build trust and spot big opportunities to add value.
- For our own budget B & C are fine. But I want so much more from Finance which I've seen elsewhere. I need at least D.
- It worked well in my last organisation, with the GM, Finance and Workforce working together on the most pressing issues

The change from 'B' to 'D' is not trivial



B. Guardian

- Provides finance and management info.
- Mainly historical information
- Accurate and timely
- Provides information as needed
- Controls and risks

D. Business Advocate

- Close to the business
- Seen as a trusted advisor
- Pro-active
- Focuses mainly beyond the Finance boundary
- Challenges and influences decisions
- Mostly forward looking

Service / business perception of the quality of core processes



- The core underpinning processes of reporting, budgeting and forecasting are above 'Threshold'. Continued incremental focus will move them to above 'Target'
- 'Business Performance Management' is the first level of adding value to the service / business, but disappointingly sits between Poor and Okay
- 'Decision Support' is a more advanced process and sits just below the 'Threshold' level. The most common response was "It's okay when asked, but it's never pro-active from Finance."
- Strategic longer-term planning is not seen as a strength of Finance from within the Service Directorates.

What would it take to get nearer to 5?



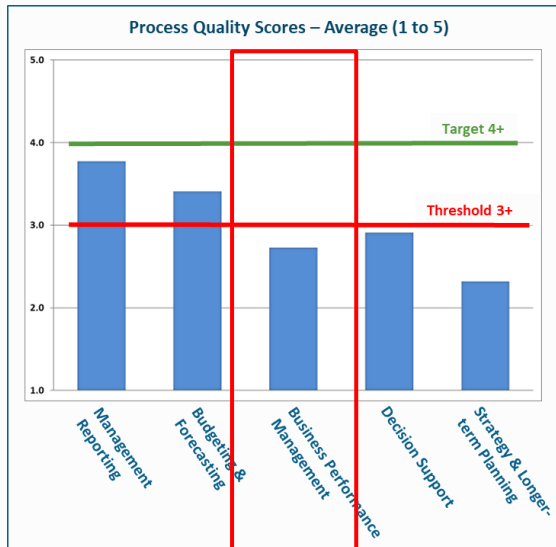
Management Reporting:

- Too much detail
- Painful to access
- Dialogue, not just a dashboard
- Translate the finances into language I understand.
- I don't need to see the ins and outs of a ledger!
- Trends over time, such as year to year
- The basics are not sorted out such as team allocations to the wrong cost centre
- Use more pictures – I'm a pictures person
- Visually simpler. We're not finance people!

Budgeting & Forecasting

- It lacks regular conversations, with clarity about the assumptions
- Stabilising the headcount in the budget
- Forecasting has been too conservative and based on run-rate, rather than looking ahead properly with operational assumptions of what will happen going forward
- Budget needs more focus. Tends to just roll-forward a lot, instead of bottom-up budgeting
- Consistency of approach across Finance e.g. what are the assumptions?

What would it take to get nearer to 5?



Business Performance Management

- It just doesn't happen
- Short on performance recommendations. Suggest actions
- We need intelligent insight, not just more data
- Bring insight about the drivers
- It's better than it was. Finance should get closer still to the service.
- Starting to happen, but a long way to go. This should be the start and the main part of the conversation
- Just a few points, rather than bombarding us
- Pull out the one or two issues that really matter and focus the discussion here.
- We're completely missing any options of how we might tackle issues
- Don't overwhelm me with data. Tell me if I've got a problem and importantly Why I've got a problem.
- Give me some options of what I might be able to do to change direction, if we're veering off course
- You get no answer for two weeks with month end

What would it take to get nearer to 5?



Business Decision Support:

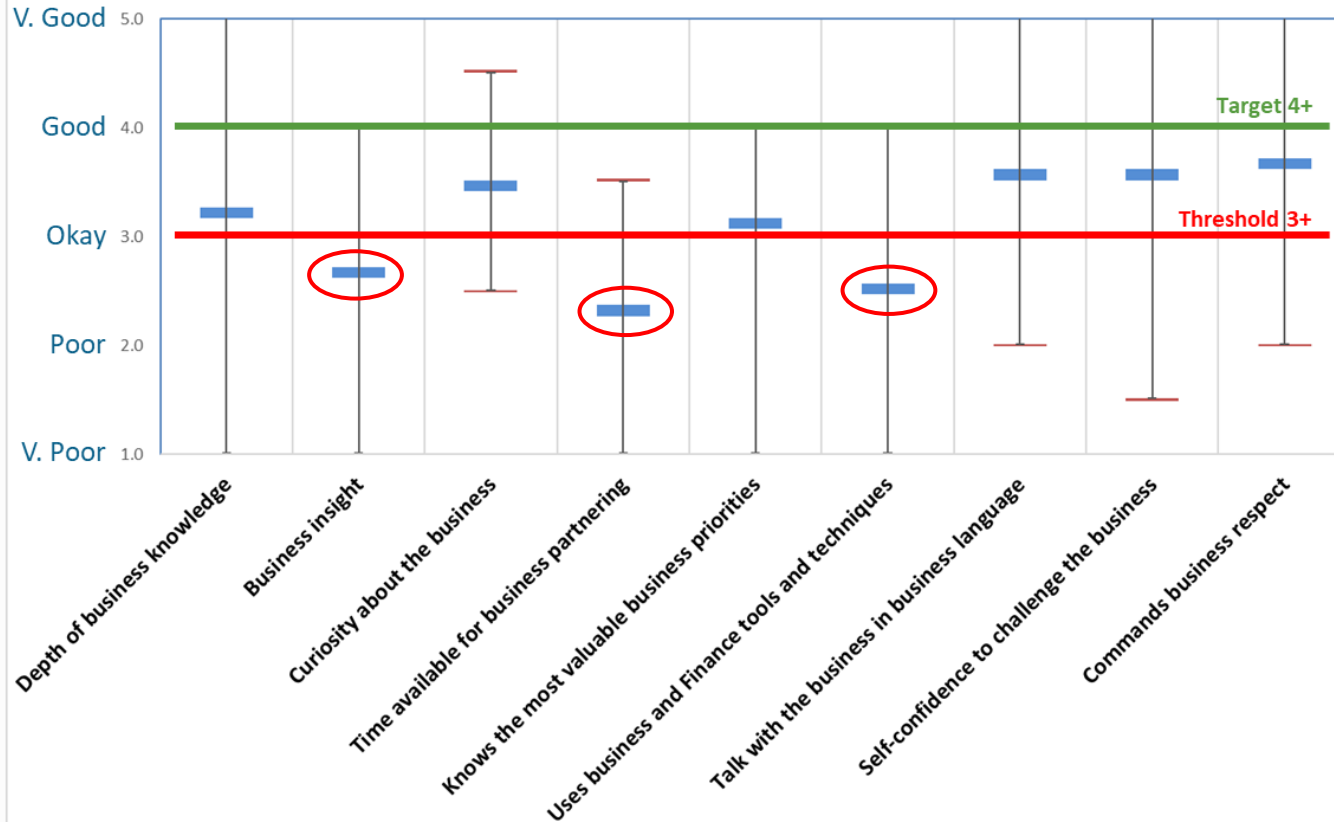
- We just get a financial articulation. Add in what it means to operations or the service or patients
- I simply don't get Decision Support from Finance. They focus on reporting and variances against budget. Please start doing this!
- If I ask for it, I get something. Be more pro-active. Bring things to us.
- It's there eventually, but the response time is so slow that it's often too late to contribute to decision making
- Bring Operations Planning and Finance together. I only get a one-sided view.
- Service and operational teams could do more to ask the questions.

Strategy & Longer-term Planning:

- I've never talked with finance about workforce strategy
- It's never occurred to me to ask for this!
- Generally, the horizon is in-year or just beyond. We don't normally get 5-year views from Finance, considering population or demographics for example.
- Good at Exec level, but at the operational level they have no headspace.
- Do more scenario analysis e.g. hospital options
- Good at explaining history and constraints. But look at the bigger picture e.g. can we move money around?

Service / Business perception of partnering characteristics

Finance Business Partnering Characteristics
Average and Range Scores (1 to 5)



Time. Finance not seen as available for business partnering. Are we too busy reporting and forecasting, or choosing not to prioritise business partnering?

Not using **Business Information and Tools** to explain drivers and root causes to provide more useful **business insight**.

Range of perceived characteristics is of concern:

- five of the nine characteristics have scores of 1 (Very Poor)
- Seven characteristics have ranges of 3 or more (75% range).

This suggests a lack of clarity of roles and skills needed for business partnering. Or the wrong people in some roles.

Where does Finance spend its time today?

Activity	Arcus Benchmarks	Total Time	Business Partnering	Management Accounting	
Management Reporting	10-15%	40%	32%	50%	} Core
Budgeting and Forecasting	15-20%	15%	18%	11%	
Business Performance Management	20-25%	13%	18%	5%	} Value Adding
Business Decision Support	25-30%	12%	16%	7%	
Strategy and Long Term Planning	15-20%	2%	3%	0%	} Strategic Value
Other 'Business Partnering'	5% max	2%	1%	3%	
Transaction Accounting and Specialist Finance	2% max	8%	3%	15%	
Other Finance	5% max	8%	8%	9%	

Note: Time above excludes Value & Business Intelligence Team

Where does Finance spend its time today?

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Business Performance Management	20-25%	13%	18%	5%
Business Decision Support	25-30%	12%	16%	7%
Strategy and Long Term Planning	15-20%	2%	3%	0%
Other 'Business Partnering'	5% max	2%	1%	3%
Transaction Accounting and Specialist Finance	2% max	8%	3%	15%
Other Finance	5% max	8%	8%	9%

1. The team spends three times more on the 'core' process of Management Reporting versus our benchmark - 40% versus 10-15%.

2. Business Performance Management is the first level of adding business value, where time spent is low and almost needs to double.

3. Business Decision Support is a more advanced level of adding business value. Time spent is very low and needs to more than double

4. High proportion of time spent on non-business finance work, especially:

- Transaction Accounting for the Management Accounting team**
- Line Management / finance meetings for Business Partnering & Management Accounting Teams

Notes: Time above excludes Value Team

** Especially Customer Billing, General Accounting and External Reporting

How does time vary by Band?

Activity	Band 4	Band 5	Band 7	Band 8A	Band 8C
Management Reporting	59%	52%	38%	32%	26%
Budgeting and Forecasting	16%	7%	10%	19%	19%
Business Performance Management	1%	2%	20%	19%	14%
Business Decision Support	10%	6%	5%	18%	16%
Strategy and Long Term Planning	0%	0%	0%	5%	1%
Other 'Business Partnering'	0%	2%	5%	1%	2%
Transaction Accounting and Specialist Finance	14%	24%	17%	4%	5%
Other Finance	0%	7%	14%	2%	15%

1. All roles are involved in the 'core' processes of reporting and forecasting. 'Everyone is doing a little bit everything'

2. Limited specialisation between the three business partnering roles.

3. In fact Senior Business Partners and Business Partners consume:

- a) One-quarter to one-third of their time just on Management Reporting
- b) About half of their time on reporting, budgeting and forecasting ('Finance Services')

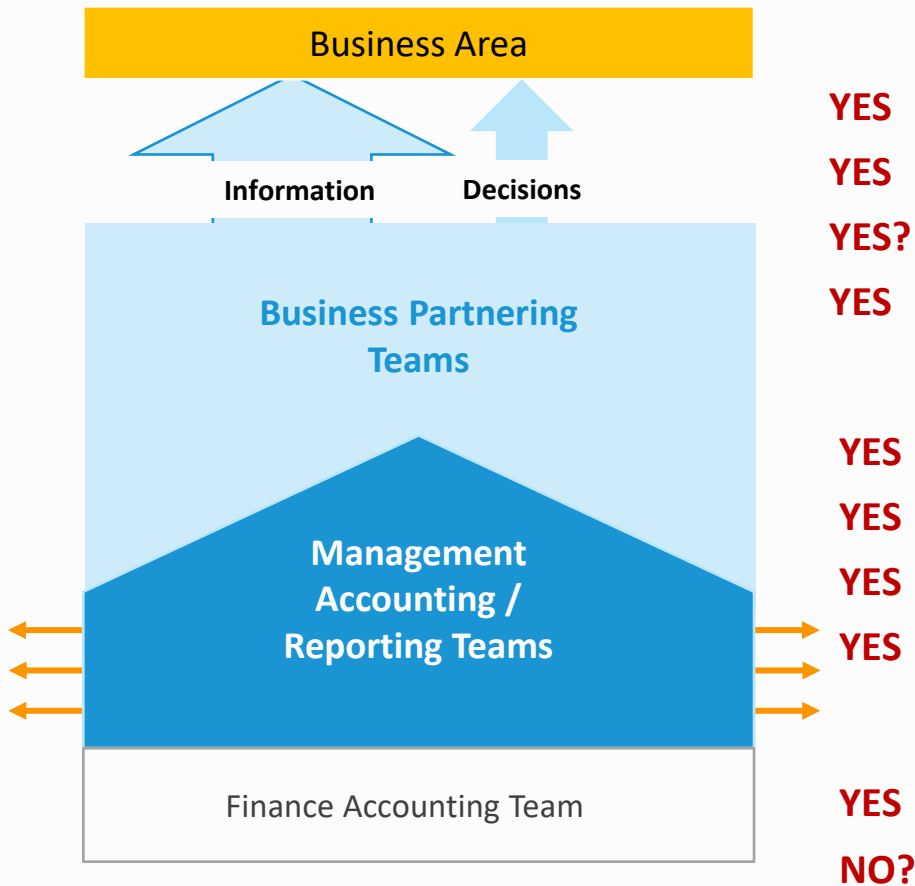
Where should a good business partner spend their time?

Activity	Band 8A	Band 8C	Arcus BP Benchmarks
Management Reporting	32%	26%	5%
Budgeting and Forecasting	19%	19%	10%
Business Performance Management	19%	14%	15%
Business Decision Support	18%	16%	45%
Strategy and Long Term Planning	5%	1%	25%
Other 'Business Partnering'	1%	2%	-
Transaction Accounting and Specialist Finance	4%	5%	-
Other Finance			-

1. Good business partners should spend no more than 15% on core processes. E.g. for budgeting and forecasting focus on conversations with the service about operational assumptions and stretching plans.

2. BPs should spend the bulk of time on the Strategic activities of Business Decision Support and Longer-term strategic planning (refer to later role definitions).

What often goes wrong with business partnering?



Business Partners

1. Dragged into number checking, or won't let go
2. Become the 'numbers person' at management teams
3. Become bottlenecks, up and down
4. Re-brand existing (traditional) accountants

Management Accountants / Reporting Teams

5. Work at lower levels, often in silos
6. Lose business knowledge, especially strategic issues
7. Help budget holders to 'get their numbers right'.
8. BPs 'lose trust' in the numbers

Overall:

9. 'First-class, second-class' culture emerges
10. Shadow Finance organisations emerge

Summary of Key Issues

Role of Finance. Finance is not seen as a true business partnering organisation. Half of service / business leaders perceive today's role as 'B Guardian' (risk and controls), and 80% see it as 'B' or 'C'.

The Need. Strong desire across the Board for more strategic advice, challenge and business partnering support i.e. 'D Business Advocate'. But few people ask Finance for this today, mostly experiencing the more classic reporting role.

Hywel Dda Opportunity. With a tighter funding situation, continued high demand, plus Targeted Intervention, the opportunity for more strategic business partnering to improve performance and payback on investments is big.

Purpose. The first priority today is to feed Finance, not the Service. Finance processes are heavily geared up to feeding senior, 'central' Finance people with regular reporting and forecasting updates, especially Days 1, 4 and 5 reviews.

Time. 55% of total time is spent on 'Core' work of reporting, budgeting and forecasting, versus our benchmarks of 25-35%. This limits time available for more value-adding partnering. The Service perceives this lack of time.

Controllers not Business Partners. Many people in Bands 8C and 8A operate as 'Business Controllers' not Business Partners, with many Band 7s acting as experienced management accountants, providing a reporting role.

Clarity of Roles. Limited distinction in practice between the three business partnering roles - everyone does a bit of everything. Most Snr BPs overloaded with multiple roles. This all limits the ability to prioritise 'Initiatives' to drive business value

Prioritise Value. Great business partners should prioritise 70% of their time on Business Decision Support and Strategy/ Longer-term Planning (versus 17-23% today for Bands 8C and 8A), and de-prioritise their time on Reporting and Forecasting to a target of 15% (versus 45-51% today).

Single Point of Contact (SPOC). Senior BPs and BPs have become positioned as a SPOC for all things Finance. Most queries and data requests come to them and end with them. The Management Accounting team have become the SPOC for other functions e.g. payroll or workforce data queries.

Management Accounting has delivered standardisation, templates and upgraded Excel skills. But few business partners use their standard outputs. Most create their own reports and tailored narrative. Few seem to support making this team work, preferring their own dedicated teams.

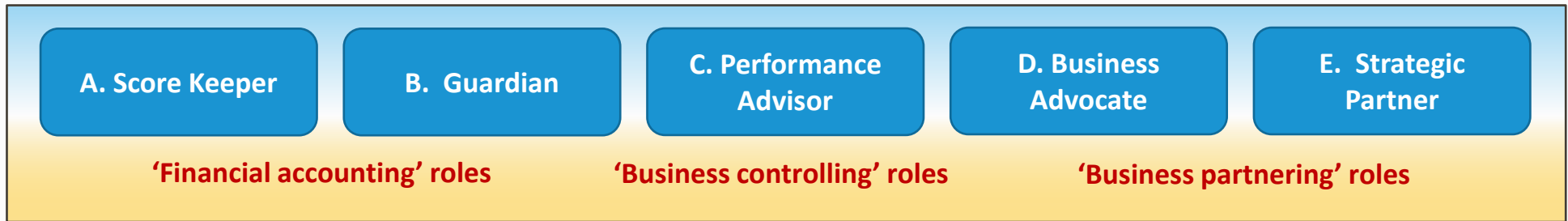
Business Partners. A high proportion of people have 'Business Partner' in their title, with really only one career path aim; to get to Senior FBP.

Value Intelligence Team appears to have a strong analytical capability but is largely disconnected from the business partnering teams, and the decision-support 'Initiatives'.



- 1. Diagnostic of finance partnering in Hywel Dda**
- 2. Summary of Recommended Roles**
- 3. Role Definitions**

What does it take to shift to 'D Business Advocate'?



Good Practice:

- View A to E as a 'Finance Organisation Chain'
- Ruthless specialisation and clarity of roles
 - Business Partners for D/E - business decisions and actions
 - 'Business Controllers' for C delivering high quality, business information
 - 'Financial Accounting' for A/B
- Prioritise work by business value impact
- (Re-)appoint / recruit for future capability, with career paths
- Invest in skills development ... to work together

Two Finance roles to be played at KEY service team tables



'Valuable' Service Leadership Teams

Business Controller

- Accountable for the numbers
- Business quality information & insight
- Presents results, forecasts and issues
- Liberates time and 'role' of the FBP

Regular Finance Services Focused
– 75% plus time

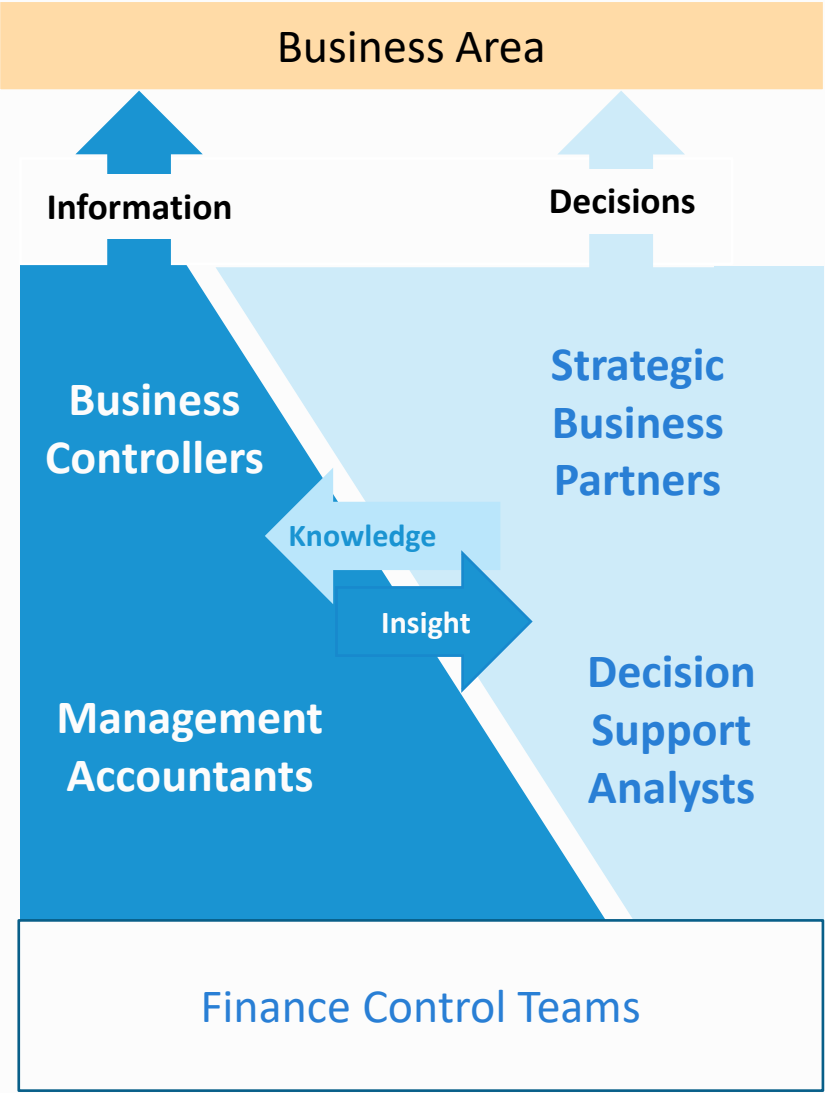
Finance Business Partner

- 'Co-Pilot' to a service team
- Business decisions and initiatives
- Challenge and stretch plans
- Peer of a service team

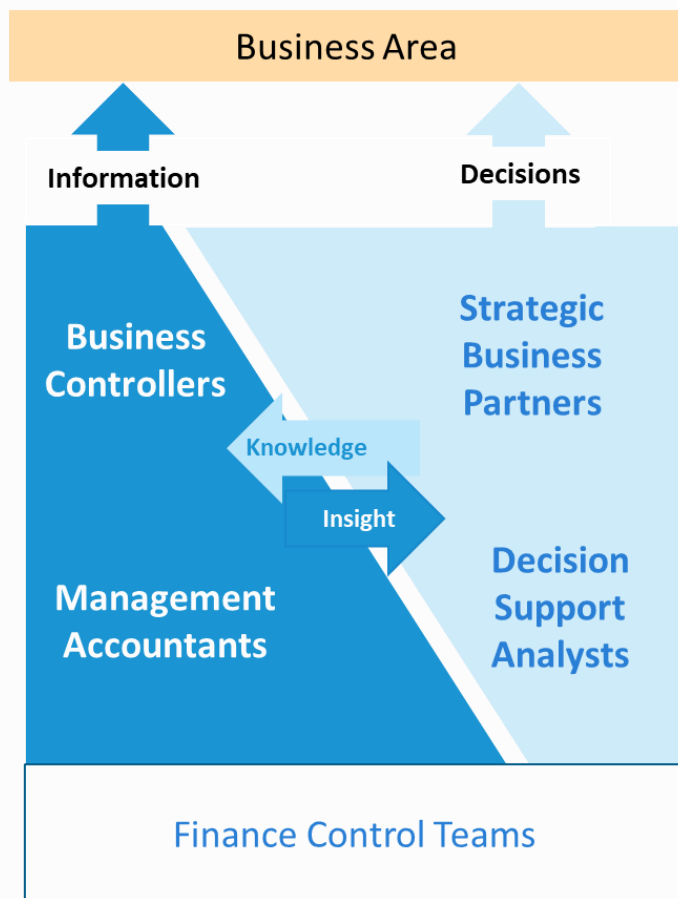
Valuable Initiatives Focused
– 75% plus time

Business Controller role is the key that unlocks more valuable finance business partnering

We recommend four distinct roles for Hywel Dda



Business Partners and Decision Support Analysts in practice



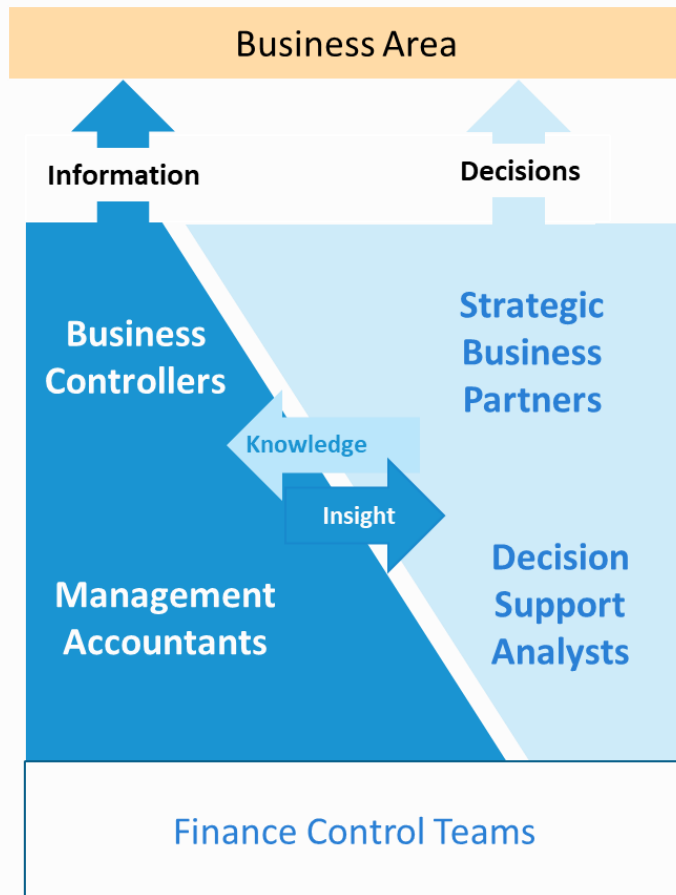
Strategic Finance Business Partner

- Part of a service management team acting as a 'co-pilot' e.g. Acute Services, Workforce, County, OR assigned to a significant Board business issue that cuts across directorates (agile partnering)
- **Focused on driving decisions and actions, not producing information**
- Challenge and stretch plans
- **Accountable for initiatives and ad-hoc analysis**, based on business value
- **Appointed based on capability**, not finance skills: drive, curiosity and inquisitiveness; able to build business relationships
- Not involved in the provision of regular reporting and forecasting
- **Without competent Business Controllers, Business Partners default to Business Controller activities.**

Decision Support Analyst

- **'Analytical engine' behind finance business partners**
- Data inquisitive analysis to generate new insights for the business
- **Decision support projects ruthlessly prioritised based on value**
- **Not involved in the regular cycles of finance services** e.g. reporting
- Work with other parts of Finance and externally to leverage all available data, such as patient numbers, demographics, waiting times etc., irrespective of who produced it
- **Ideally a small team with a mix of skills** including finance, statistical analysis and business analysis (ideally inside finance, or distributed).

Business Controllers & Management Accountants in practice



Business Controller

- Ensures financial reports and information are **business-useful** to the Executive, Directorates or Departments
- Digs behind the results to **explain WHAT, WHY and WHAT-IF**
- Include relevant performance information from other areas
- **'Presents' the business performance results** and updated budgets, forecasts etc, including corrective options and actions
- Drives regular finance processes
- **Liberates time and 'role' of the strategic finance business partner**
- **Aligned to one or more business areas**, with a good working knowledge of these areas
- Works closely with BPs, management accounting and control teams

Reporting / Management Accountants

- **Produce regular information** for reporting, budgeting, forecasting etc, with the service area in mind
- See their role as getting management information right plus providing analysis, trends etc to support the Business Controller
- Aim to spend less time 'hand-holding' budget holders to get their numbers right and **more time on providing analysis and insight** from regular finance information to drive action

Finance can't change this on their own, it needs co-ownership with the Service

Conditions for Success in the Service:

- Genuine desire and **permission from the service** that more strategic business partnering is needed to add value, up and down the service-side organisation
- In a more constrained funding world, the service needs to **include performance management trade-offs in more situations**, whilst recognising the NHS is clinically-led.
- To **fully support the two goals for Finance**, and therefore the two separate roles:
 - a) **Business Controller** to carefully manage the regular performance information, forecasting, budgeting etc
 - b) **Strategic Business Partner** to drive significant value in the service, through initiatives and decision support, and not involved in the regular information provision role

Practical Changes needed on the Service side:

- **Presence.** More integration with more management teams to include Finance in more service business issues, not just reviewing budgets
- **Structure.** Operations management teams generally meet at least weekly covering resourcing, quality, safety etc. But typically, Finance is only involved monthly for a budget review. To make this work needs a **restructuring of meetings and agendas to include Finance** in more management issues, particularly resourcing topics, and to meet more frequently. Finance doesn't need to be involved in all matters, but it needs a shared agreement of where and when this should happen.
- **Value Optimisation.** To include Finance earlier in resourcing, operational changes and investment situations to help to shape and influence alternative options. Performance outcomes need to be considered more often, in addition to clinical and service outcomes.

Some leaders already understand that the Service also needs to change

“

Operational teams have been in survival mode with their heads down for the last couple of years, so have not been asking business partners to do any of this ...

... beginning to look up and think about improvements now. The Service and Finance need to go on a journey together.

During the pandemic, teams were asked to ‘act first, we’ll fund and ask questions later’. Funding is much smaller and slower now, but clinicians are slow to change behaviour.

With funding shortfalls, we should focus on opportunities to help with ‘Big Themes’, not just more forecasting or cost cutting.

For business decision support, the Service and operational teams could do more to ask the questions they need answered, not just queries about data.

I’ve had a light-bulb moment during this conversation. I need to invite our finance business partners to our weekly management team meeting to get them involved in bigger questions. Not just running through the monthly budget numbers!

Are we using Finance information strategically to shape options, or just checking the finance consequences of our decisions?

I realise I need to explain to my Senior BP what’s in my head!

”

If you had more strategic business partnering capacity, where would you focus?

Selective Examples

Patient Pathways. Better modelling for pathways - admission, avoidance, flow-through, discharges, and managing demand for a frail population. These will be issues for quite a while. Surely Finance can look for improvements and add more value if they really understand how it works?

Workforce Capacity is our biggest issue, especially in remote west Wales.

- Quality issue with agency staff plus extra costs.
- Nurse stabilisation of our workforce programmes; overseas nurses and apprenticeships.
- Medical workforce e.g. cost and quality of locums
- We have a 10-year workforce plan, including recruitment, development, training. We need a Finance plan too e.g. how to fund, invest etc.
- What are the strategic benefits of apprenticeships, or training, in a constrained financial world?

Transforming Emergency Care. BPs work at each site today dealing with numbers of beds or opening a ward. We need insight across the Health Board. Cross-directorate issues are the Board's biggest issues.

Contracted GP Practices versus Managed Practices.

Always assumed to cost more. But does it really if you take all costs into account? Are there other benefits of having some managed practices?

New Primary Care Strategy. Needs a finance challenge much earlier in the process e.g. contractor versus employed costs, property etc.

Smarter Working with Estates. Changing the ways of working rather than just lots of small cuts to budgets e.g. Advanced Cleaning programmes, Cook-freeze catering, Symbiotics software for scheduling porters, From canteens to vending machines.

Digital. Potential Outsourcing partner. Shifts from capital to revenue. Outsourcing knowledge in Finance?

Finance Training for our management teams on high level finance, or how to run a nurse's budget? Get out and go to the ward.

Modelling Options.

- Recruitment of Nurses and Doctors. What can Finance bring to the party? E.g. costs of using agency, costing rotas and rosters, external benchmarking such as other boards, HFMA
- Cost per case. What do different routes or service changes give us for efficiency and effectiveness?

Conclusions

- Good progress has been made in recent years in establishing business partnering roles alongside management accounting and core processing teams, as well as implementing a rigorous forecasting process and getting closer to the service.
- The service wants a 'D' Business Advocate role, which gives Finance a strong remit for improvements.
- You are likely to 'get stuck' at 'C' Performance Advisor at best, and unlikely to progress to 'D' without further changes, especially prioritising Initiatives for Strategic FBPs over reporting, specialisation of roles, (re-)appointing people based on capability needs for each role, and acknowledging whether people play business partnering or controller roles today.

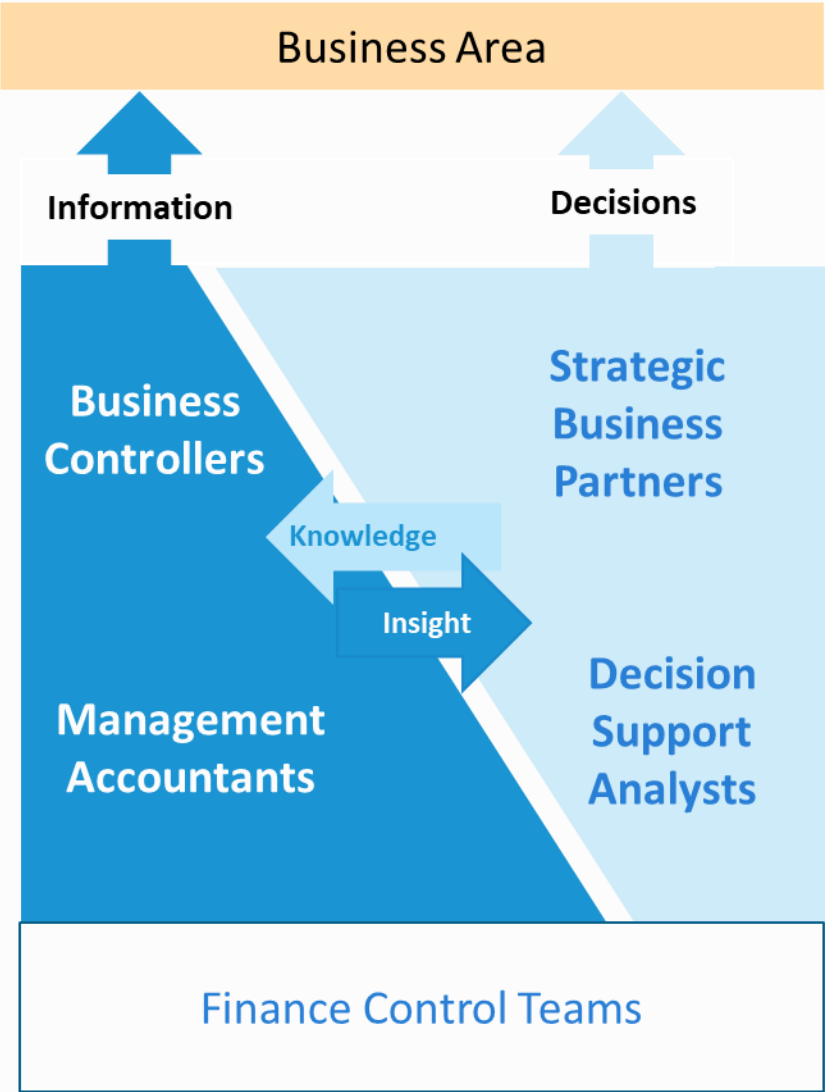
Summary of Arcus Recommendations

1. **Set a clear vision**, outcome, roles, careers and 2-year roadmap for the Role of Finance to be a strong 'D' Business Advocate. Provoke a robust debate across the organisation, including the Exec, about the future Role of Finance.
2. **Everywhere needs a good Business Controller** who is responsible for all of the regular finance information for one or more areas – probably Band 8A. But not everywhere needs a strategic business partner.
3. We recommend you:
 - a. Make it crystal clear what a good '**Business Controller**' role really is, irrespective of what you call the role, (goals, skills levels, where to spend time etc). (Re-)appoint people into these roles and ensure they genuinely have the right skills. The aim should be for a top-end C performance in each area.
 - b. (Re-)appoint and spin-out **Strategic Business Partners** responsible for Initiatives, but NOT the regular finance information, with the goal of 'delivering' 20 times their own costs each year. Option of Aligned versus Agile.
 - c. Appoint a small team of '**Decision Support Analysts**' with people allocated to work on the most valuable issues and Initiatives across the Board. Are there capabilities and candidates in the Value & BI Team?
4. **Reporting / Management Accounting** options to consider e.g. bringing together Band 7s, 6s and 5s as a 'Reporting & Forecasting Team', with efficiency in lower ranks and good service knowledge in more senior levels. Potentially move Band 4 Admin roles to the Core Processing Team?
5. **Service Management teams** to work together with Finance to make the Controller and Strategic Partner roles work in practice in each area, and to identify the topics and meeting structures for Finance to get more strategically involved in driving business value.



- 1. Diagnostic of finance partnering in Hywel Dda**
- 2. Summary of Recommended Roles**
- 3. Role Definitions**

We recommend four distinct roles for Hywel Dda



Business Controller - responsibilities & characteristics

Responsibilities

- Reviews business performance, identifies performance issues and provides business insight - the 'what and the why', as well as the impact on the business
- Attends business performance reviews 'to present and validate the numbers'
- Works with the service, business partners and management accounting teams to provide information that combines financial and operational data for the business to improve performance and deliver plans.
- Ensures information and reporting are business-relevant and business-useful to the service areas.
- Conducts or oversees business analysis on performance and trends
- Ensures information is delivered to agreed quality and time.
- Provides business understanding where needed to management accounting reporting teams
- Supports team development where appropriate of the management accounting team members

Background & Personal Characteristics

- Likely a qualified accountant
- Ability to build sound business relationships as well as solid finance relationships with management accounting teams and BPs
- As experience develops, will build relationships to help support insightful analysis of business performance
- Level of business interest and curiosity
- Ability to get out of the detail and focus on the bigger picture
- Ability to work independently and as part of a virtual team
- Good communicator
- At senior level has experience & credibility to challenge the business.
- Works effectively as a part-time member of a business management team
- Good level of social intelligence
- Good networker

Role profile – Business Controller

Primary Goal: Excellence in performance management, management reporting, budgeting & forecasting. Delivering the plan - supporting business performance through performance reporting, analysis, option development & recommendations

Key Responsibilities

Management Reporting:

- Design, preparation and review of performance management reports – Decision Driven Reporting
- Data compliance (definitions, accuracy and timeliness) for required management reporting

Budgeting & Forecasting:

- Communication of timescales and agreed planning assumptions
- Preparation of planning models
- Consolidation of plans and forecasts

Performance Management & Improvement:

- Analytical support to drive business performance – **what and why**
- Identify **'what-if'** actions to optimise business performance
- Action tracking and benefits realisation

Other Key Activities:

- Fully support aligned service area
- Develop junior team members
- Support governance and development of function
- Support to improve key processes

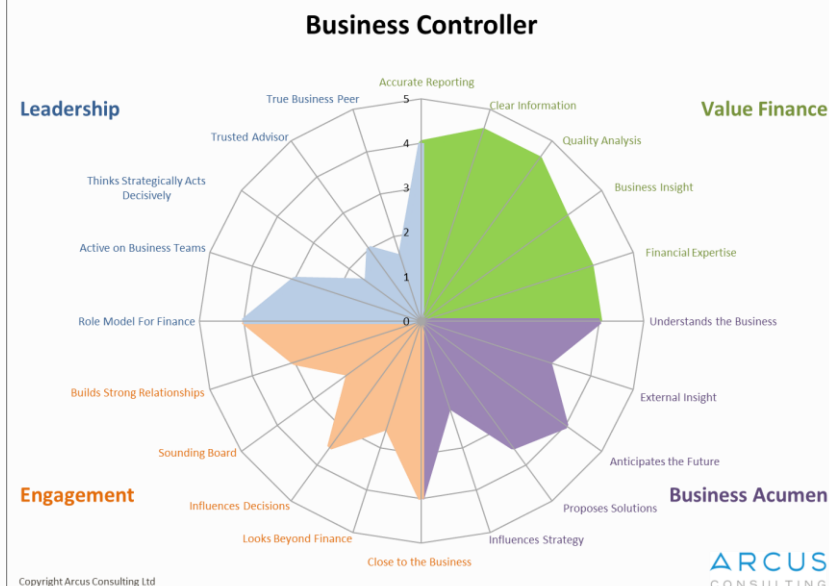
Key Relationships

- Service leader & management team
- Strong relationships with BPs
- Management accounting teams
- Other Business Controllers
- Network of strong, working relationships across the service and across finance

Measures

- Quality of business information and insight to drive corrective performance actions where needed (measured by the service)
- Ability to free up time for business partners to drive initiatives

Capability Profile



Target Activity Focus

Activities	Business Controller	Overall Finance Target
Management Reporting	20%	10-15%
Budgeting & Forecasting	25%	15-20%
Performance Management & Improvement	45%	20-25%
Business Analysis & Decision Support	10%	25-30%
Strategy & LT Planning		15-20%

Management Accounting - responsibilities & characteristics

Responsibilities

- Works closely with Business Controllers to ensure delivery of on-time, accurate management reporting, budgets and forecasts
- Combines financial and non-financial measures, key operational metrics etc to create business-insightful reporting
- Ensures consolidated reporting as required and develops cross-Board themes
- Provides quality financial analysis in support of individual investment decisions, including a rapid response to ad hoc queries to support service decision making
- Prepares historical and forward looking information for budgets, forecasts and planning, including clear information on assumptions made in producing previous forecasts
- Engagement across the Finance community, establishing good relationships between the business partners and business controllers
- Builds strong relationships with owners of non-financial data

Background & Personal Characteristics

- Ideally teams will comprise a mix of entry-level staff with limited experience plus people with more experience and a good service knowledge
- Ability to build sound relationships both inside and outside Finance
- Team player with desire to build line management experience
- As experience develops, will build relationships to help support insightful analysis of service performance
- Level of business interest and curiosity
- Viewed as a career stepping stone to becoming a Business Controller or business partnering roles (decision support analyst or business partner).

Role Profile - Management Accountant

Primary Goal: Deliver an efficient, business-insightful reporting, budgeting and forecasting service

Key Responsibilities

Management Reporting:

- Produce standardised management reporting that drives business insight to the requirements of the relevant Business Controller
- Carry out standard “information sense-checks” on outputs
- Implement changes in reporting processes to improve insight, increase efficiency, reduce costs and accelerate reporting

Budgeting & Forecasting:

- Execute planning models and produce forecast, using standardised templates agreed with Business Controllers, and produce reports
- Implement changes in forecasting processes to increase efficiency, reduce costs and accelerate output

Performance Management & Improvement:

- Analyse results by calculating and explaining variances
- Support business partners by producing whatever standardised reports/analyses are agreed will be useful

Note: Financial accounting activities are undertaken by Transactional Control teams e.g. accruals, adjustments, journals

Key Rel.

- Business Controllers
- Providers of non-financial information
- Key service management

Capability Profile

Management Accountant

The radar chart displays the following data series:

Competency	Score (0-5)
Accurate Reporting	5
Clear Information	4
Quality Analysis	4
Business Insight	4
Financial Expertise	4
Understands the Business	4
External Insight	4
Anticipates the Future	4
Proposes Solutions	4
Influences Strategy	4
Close to the Business	4
Looks Beyond Finance	4
Influences Decisions	4
Sounding Board	4
Builds Strong Relationships	4
Role Model For Finance	4
Active on Business Teams	4
Thinks Strategically Acts Decisively	4
Trusted Advisor	4
True Business Peer	4

Target Activity Focus

Activities	Management Accountant	Overall Finance Target
Management Reporting	60%	10-15%
Budgeting & Forecasting	20%	15-20%
Performance Management & Improvement	20%	20-25%
Business Analysis & Decision Support		25-30%
Strategy & LT Planning		15-20%

Critical Success factors – Business Controller / Management Accounting roles

- Clarity of purpose, with supporting performance measures:
 - Combining financial and operational data, with business knowledge to deliver business insight
 - Quality of information output – reporting the ‘what’ and the ‘why’
 - Ability to free-up Strategic Business Partner time away from regular reporting cycles and month-end processes
 - Remit to challenge business reporting requirements, continually reviewing Decision-Driven Reporting Requirements
- Information provided by Business Controllers drives corrective business performance actions
- Credible Business Controllers with strong service knowledge i.e. able to attend business performance reviews as ‘the person who knows the numbers’
- Strong and effective links into owners of operational service data and reporting teams, as well as other Finance teams e.g. Transactional Control
- Delivers process efficiency, with a continuous improvement mind set
- Balances tailored service provision with cost control & ‘behind the scenes’ synergy
- Ability to manage resource peaks and troughs e.g. month end and through budgeting process

Strategic Business Partner - responsibilities & characteristics

Responsibilities

- Key responsibility to identify, prioritise and deliver initiatives to drive business performance and to ensure critical business decisions are made and implemented
- Objectives and performance measures tied to the relevant business head's objectives
- Expectation to spend more time 'looking forward' and 'looking outwards', than 'looking back'
- Drives and owns the Initiative Value Map for the relevant business area
- Aim is to become the Co-Pilot on the relevant business management team, involved in the key decisions and initiatives
- Look to Business Controllers as the primary source of information and analysis for past business performance - the 'what and why'.
- Drives decisions through with service leadership teams with 'options and recommendations'
- Looks to the Decision Support team for information and analysis for ad hoc decision support, such as operational improvements, service and performance improvements, capital investments etc.
- Not involved in the production or provision of regular information for reporting, budgets or forecasts

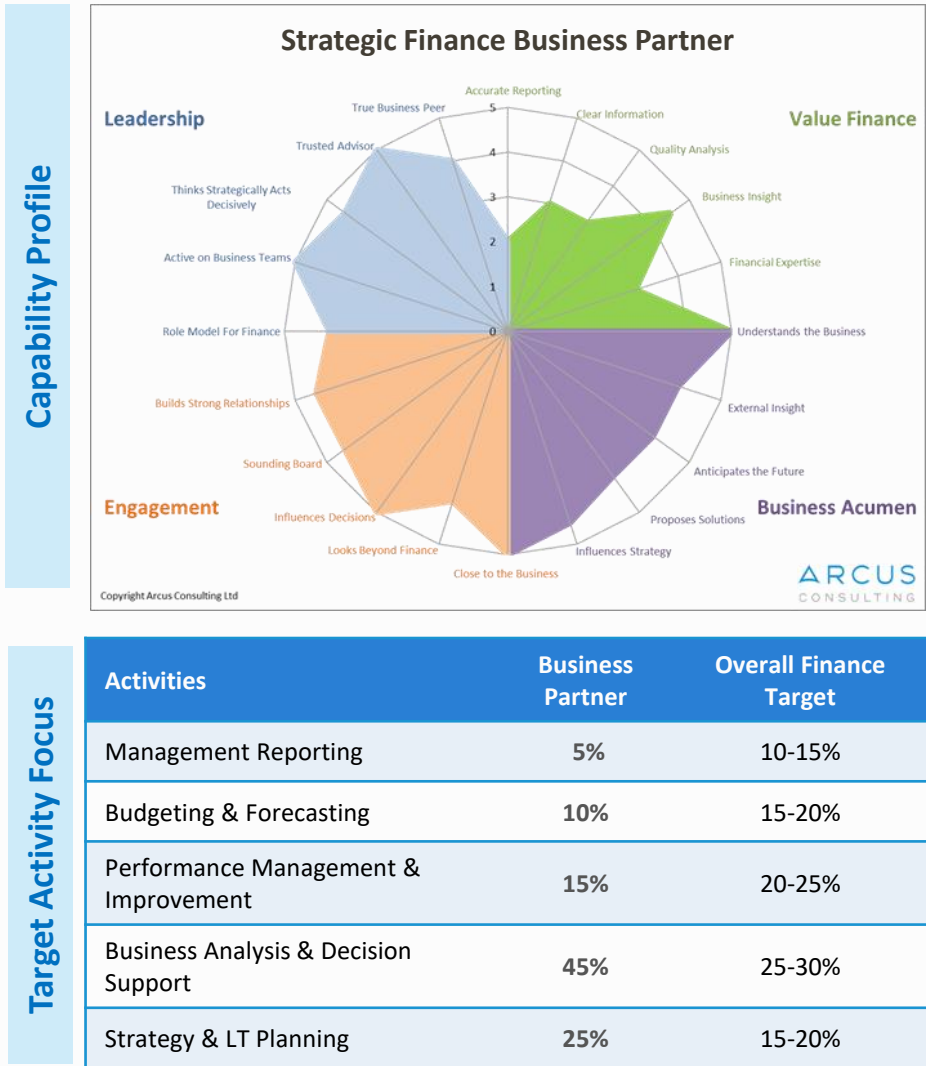
Background & Personal Characteristics

- Passionate about the service. Continually seeks to know more and improve performance
- Very high level of business curiosity and engagement
- Interested in spending time in the service with business colleagues
- Highly numerate and analytical; excellent judgement; good experience
- Excellent at constructively challenging, influencing and persuading senior service colleagues - acting as a 'sparring partner' to the service head and management team
- Excellent networking skills - a skilled 'resource investigator' to bring in external ideas and expertise
- Has experience & credibility with service leaders
- Good communicator
- Good finance knowledge, potentially a qualified accountant but possibly good MBA, ex-consultant or numerate business person
- Excellent level of social intelligence
- Strategic thinker

Role profile – Strategic Finance Business Partner

Primary Goal: Deliver value creation for the service and drive the strategic direction of the service area

Key Responsibilities	<p>Management Reporting:</p> <ul style="list-style-type: none">Supporting BC to deliver decision-driven information <p>Budgeting & Forecasting:</p> <ul style="list-style-type: none">Supporting business with with key operational assumptions in budgets. Ensuring stretched targets <p>Performance Management & Improvement:</p> <ul style="list-style-type: none">Challenging and influencing business decisions and strategy as a key member of the relevant management teamEnsuring decisions and corrective actions for business performance issues, and tracking benefits <p>Decision Support & Business Analysis</p> <ul style="list-style-type: none">Creation of Initiative Value Map for the service areaFocus on Initiatives, not Finance ServicesDefinition of ad-hoc analysis requirements; resourcing through Decision Support Analyst teamGeneration, validation or sign off of business cases and management of selected strategic improvement projects <p>Strategy & Long-term planning</p> <ul style="list-style-type: none">Supporting the service with strategic options and decisionsOwner of the rolling Initiative Value Map; content, portfolio, delivery, results, benefits, resourcing, review with management team
Key Relationships	<ul style="list-style-type: none">Key service / business leaders and management teamAll Finance Business PartnersDecision Support analytics teamBusiness Controllers & management reporting teamsExternal: significant suppliers, Finance in other boards, sector bodies etc
Measures	<ul style="list-style-type: none">Performance targets & objectives of the service areaSpecific link to delivery of service leaders' targets and objectivesEffective decision making to drive business performance



Role profile – Finance Business Partner - Same focus on strategic initiatives, less experience

Primary Goal: Deliver value creation for the service and drive the strategic direction of the service area

Key Responsibilities

Management Reporting:

- Supporting BC to deliver decision-driven information

Budgeting & Forecasting:

- Supporting business with with key operational assumptions in budgets. Ensuring stretched targets

Performance Management & Improvement:

- Challenging and influencing business decisions and strategy as a key member of the relevant management team
- Ensuring decisions and corrective actions for business performance issues, and tracking benefits

Decision Support & Business Analysis

- Creation of Initiative Value Map for the service area
- Focus on Initiatives, not Finance Services
- Definition of ad-hoc analysis requirements; resourcing through Decision Support Analyst team
- Generation, validation or sign off of business cases and management of selected strategic improvement projects

Strategy & Long-term planning

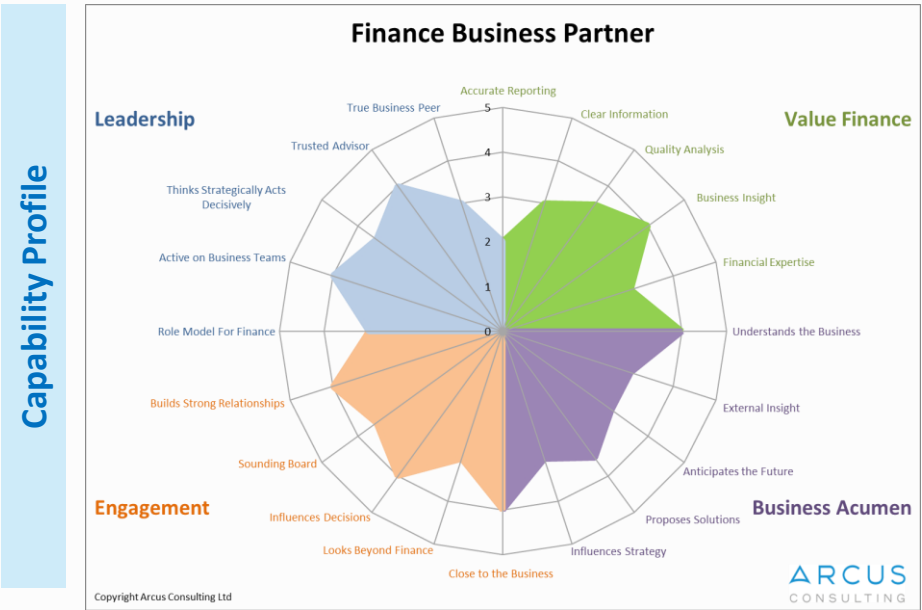
- Supporting the service with strategic options and decisions
- Owner of the rolling Initiative Value Map; content, portfolio, delivery, results, benefits, resourcing, review with management team

Key Relationships

- Key service / business leaders and management team
- All Finance Business Partners
- Decision Support analytics team
- Business Controllers & management reporting teams
- External: significant suppliers, Finance in other boards, sector bodies etc

Measures

- Performance targets & objectives of the service area
- Specific link to delivery of service leaders' targets and objectives
- Effective decision making to drive business performance



Activities	Business Partner	Overall Finance Target
Management Reporting	5%	10-15%
Budgeting & Forecasting	10%	15-20%
Performance Management & Improvement	15%	20-25%
Business Analysis & Decision Support	45%	25-30%
Strategy & LT Planning	25%	15-20%

Decision Support Analysts - responsibilities & characteristics

Responsibilities

- Part of a flexible resource pool capable of deploying against key business questions / initiatives as required by Business Partnering teams
- To formulate business decision trees to ensure analysis is value adding and fit for purpose
- To manage stakeholders in relevant decision roles
- To conduct timely and accurate analysis and to synthesise data to support business hypothesis testing
- To be 'data inquisitive' to generate new insights for the business and to translate analysis into business language
- To develop core analytical methods and tools for use across Finance and to share best practice techniques across the organisation

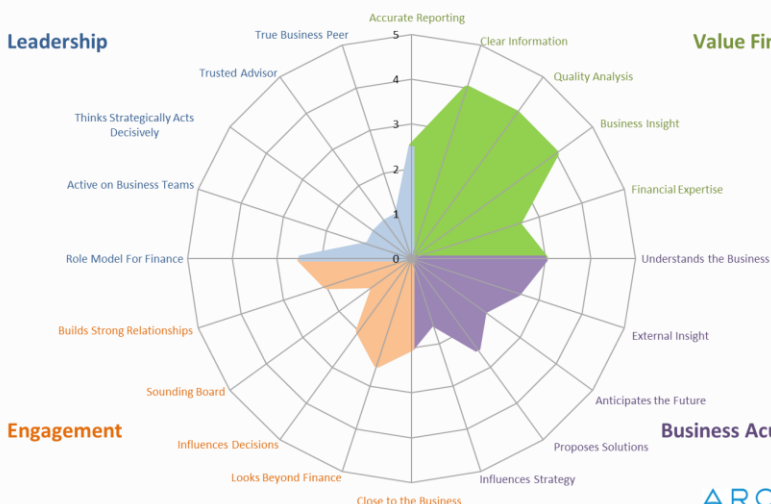
Background & Personal Characteristics

- Business analyst or part-qualified or newly qualified accountant; potentially business graduate or experienced business consultant
- Highly numerate and analytical problem solver combined with good business nous
- Significant level of business curiosity and tenacity
- Prioritises iterative business decision making over precision and data accuracy.
- Good understanding of data limitations and levels of materiality
- Good communicator
- Highly organised, self-starter. Able to work remotely as part of a business team
- Experience ideally should include some business knowledge e.g. project environments, consulting, data analysis projects etc.

Role profile - Decision Support Analyst

Primary Goal: Support business decisions through modelling, analysis and synthesis of key business data and trends through to the generation of options and recommendations

Key Responsibilities	<p>Decision Support Development:</p> <ul style="list-style-type: none">Development of analytics tools and capabilitiesKnowledge sharing across the Decision Support team <p>Business Value Priorities:</p> <ul style="list-style-type: none">Ensuring clarity of business decision drivers and decision treesTranslating analysis into meaningful business insightBringing in external insight and data from demographics, suppliers, other Boards, and other sectorsDevelopment of business options and implications through to recommendationsEngagement and stakeholder management with Finance and business teams to ensure analysis is fit to drive effective decisions <p>Responsibilities:</p> <ul style="list-style-type: none">Delivery of accurate and timely analysis to support business decision timescalesSupport the decision making processTeam participation & leading analysis
	<p>Key Relationships</p> <ul style="list-style-type: none">BP teamsDecision Support teamsService contacts – specific to analysis conductedBusiness Controllers / management accounting teams
	<p>Measures</p> <ul style="list-style-type: none">Development of Decision Support functionTimeliness, quality and service-relevance of analysisEngagement with Finance and service to drive initiatives

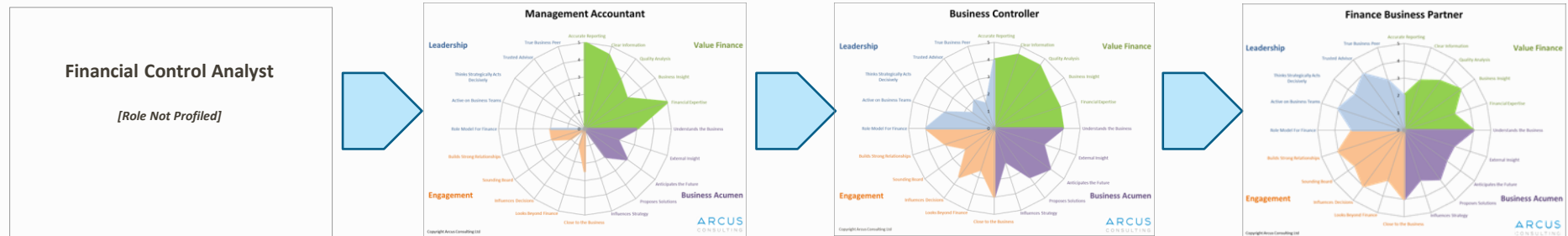
Capability Profile	<p>Decision Support Analyst</p>  <p>Copyright Arcus Consulting Ltd</p>																		
	<table><tr><th>Activities</th><th>DS Analyst</th><th>Overall Finance Target</th></tr><tr><td>Management Reporting</td><td>0%</td><td>10-15%</td></tr><tr><td>Budgeting & Forecasting</td><td>0%</td><td>15-20%</td></tr><tr><td>Performance Management & Improvement</td><td>20%</td><td>20-25%</td></tr><tr><td>Business Analysis & Decision Support</td><td>50%</td><td>25-30%</td></tr><tr><td>Strategy & LT Planning</td><td>30%</td><td>15-20%</td></tr></table>		Activities	DS Analyst	Overall Finance Target	Management Reporting	0%	10-15%	Budgeting & Forecasting	0%	15-20%	Performance Management & Improvement	20%	20-25%	Business Analysis & Decision Support	50%	25-30%	Strategy & LT Planning	30%
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Critical Success factors – Business Partnering / Decision Support roles

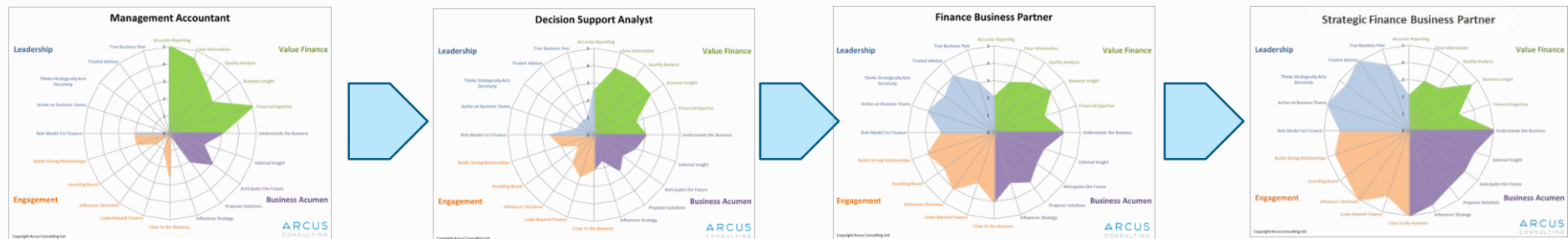
- Passionate & curious about the service
- Business nous – understanding how the service works and key levers
- Credible and able to effectively influence & challenge
- Ability to look beyond Finance – both externally and forward looking
- Current and updated Initiative Value Maps
- High performing Business Controllers with credibility to interact with the service on current performance and help free-up Business Partner time
- Business Partners & Decision Support Analysts sharing knowledge across Finance teams
- An effective network, sharing best-practice and experience
- Shared business partnering ‘toolkit’ e.g. initiative value prioritisation method, analysis methods and approaches, tools etc.
- A development mind set – helping Business Partners, Decisions Support Analysts and Business Controllers develop knowledge, skills and capabilities

Indicative pan-Board finance career paths

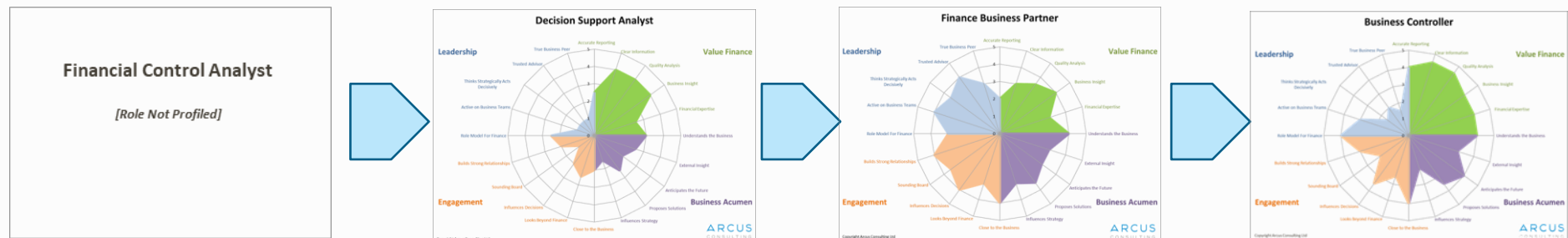
Example 1: Financial Control Analyst to Finance Business Partner



Example 2: Management Accountant to Strategic Business Partner



Example 3: Financial Control Analyst to Business Controller



This shows 3 indicative career path routes. There are a number of other paths, especially if all pan-Finance roles were considered.

Hywel Dda University Health Board



**Diagnostic Conclusions,
Finance business partnering.
Final version.**

Adrian Willmott, Arcus Consulting.

May 2023

