



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	19 December 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Review of Business Partnering Arrangements
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Daniel Binding, Senior Finance Business Partner

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Gwybodaeth/For Information

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

In February 2023 the Finance Directorate Management Team (DMT) engaged consultancy firm Arcus to perform a diagnostic assessment of the business partnering function. The diagnostic report was presented back to the DMT in May 2023. As a response to that feedback the DMT set up a Task and Finish Group to assess the findings of the report and to work with the Finance Team more broadly to ascertain how the recommendations could be implemented to best effect within Hywel Dda University Health Board finance function.

This report is being brought to the Committee as a progress update of the Task and Finish Group. This report is for information only.

Cefndir / Background

The Arcus diagnostic produced the following recommendations to enable more effective business partnering.

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 Executive, 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 with an 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. It needs to be considered if there are capable candidates in the Value & Business Intelligence Team.
- 4. Reporting / Management Accounting options to consider, for example 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 and 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.

The DMT endorsed the recommendations in full, the Task and Finish Group were provided with a scope of work to assess how the finance function could be changed to address challenges raised by internal team members and that considered by Arcus to deliver a more effective finance function.

Asesiad / Assessment

The Arcus Task and Finish Group have undertaken a review of the recommendations provided by Arcus and undertaken a self-assessment of the opinions provided, the Finance Team were in agreement with the recommendations provided by Arcus. The team developed role criteria and tasks analysis as suggested by Arcus to determine who should do what where prior to undertaking any structural analysis. The team roles and ideas have been tested with the Finance Teams affected by the proposal and an engagement process has been run to take on builds from the team to arrive at the best role definitions possible. These were presented by the Task and Finish group and endorsed by the DMT in September 2023. A portion of that team were then asked to work up a high level no names structure with the newly created functional roles. This has now been provided to the DMT and the next step in the process is to launch an Organisational change process, this process will be led by members of the DMT.

In November 2023 Arcus provided an update to the Operational Planning, Governance and Performance (OPGP) Group to demonstrate the shift and the new principal roles and responsibilities that they concluded in their diagnostic and shared the role that Arcus believed the service needed to play to implement effective business partnering.

The attached slide pack outlines the journey of the Task and Finish Group and the high-level redesign of the finance function to best meet the Arcus recommendations and the internally recognised opportunities for development.

Argymhelliad / Recommendation

The SRC is asked to **NOTE** the contents of the Review of Business Partnering Arrangements Report.

Amcanion: (rhaid cwblhau)
Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	<p>3.10 Oversee the development and implementation of a financial management improvement agenda across the organisation.</p> <p>3.11 Subject to the Board's direction and approval, develop and regularly review the financial performance management framework and reporting approach, ensuring that it includes meaningful, appropriate, integrated and timely performance data and clear commentary relating to the totality of the services for which the Board is responsible.</p>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	1. Leadership
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	2. Working together to be the best we can be
Amcanion Cynllunio Planning Objectives	Not Applicable
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

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Not applicable
Rhestr Termiau: Glossary of Terms:	Contained within the body of the report.

Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	None
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Not applicable
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable
Gyfrinachedd: Privacy:	Not applicable

**Cydraddoldeb:
Equality:**

Not applicable



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board



Arcus and Finance

19th December 2023, Microsoft Teams

Agenda

1 Recap: The Journey so far

2 Recap Key messages

3 The vision for finance

4 Team roles

5 What happens next?

The Journey so far....

Jan 23

- SFBP recognize the need for change for more effective FBP, as unable to full realise savings opportunity

Feb 23

- Arcus instructed to conduct a diagnostic of the finance function

May 23

- Diagnostic presented to DMT.
- Agreed evidence that further investigation was necessary

June 23

- Project team engaged to consider Arcus proposal and consider the Hywel Dda response

Oct 23

- Design principles agreed and T&F group asked to work up further detail

Sept 23

- Proposal presented to DMT on recommended way forward

Aug 23

- Engagement session with colleagues to gather feedback for design

Nov 23

- High level principles agreed
- Dialogue with Ops teams started (on Arcus)
- Concluded that OCP will be necessary

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DRAFT – Task and Finish Group Key Deliverables (1/2)

DMT Remit

- The senior leadership team have agreed, in principle, to adopt the Arcus findings with respect to role definitions
- Functional areas to be mapped to these roles are, inclusive of all reports (in their current team names), Core Processing, Management Accounting and Business Partnering, Value,
- There shall not be more costs as a consequence of this review above the current established budget

Finance Function

- Set a clear vision, role definitions, career path and 2-year roadmap for the Role of Finance to be a strong 'D' Business Advocate
- Clearly set out and define each key activity that needs to be undertaken, and then map these activities to each role type and functional responsibility for adoption within the function, confirming what each role will and will not do, to bring the R&R's to life for Hywel Dda
- Specific focus should clarify demarcation lines for the following activities:
 - Opportunities development and reporting –
 - Benchmarking reviews
 - Cost driver themes and analysis
 - Directorate cost mitigation action plans
 - Savings delivery for technical and transformational schemes
 - Routine forecasting responsibility
 - Routine monthly (as a minimum) scrutiny reviews and agenda/format with operational teams
- Define the key linkages between the roles, and their interaction with all finance processes, including teams not directly involved in the Task and Finish Group, where applicable
- Define a development pathway in conjunction with the agreed R&R's
- Propose the key objectives for each function over the next 2 years for example:
 - describe a management accounting routine reporting toolkit to provide insightful analytics and grip & control
 - clarity and ownership for standardised outputs from each role
- Agree how work priorities are set for the Business partnering team
- Define a broad reporting toolkit required for both routine requirements, as well as ad hoc decision support
- Propose how we would measure the success of finance over a 2 year period in terms of effectiveness of the change

DRAFT – Task and Finish Group Key Deliverables (2/2)

Organisational requirements and engagement

- Link in with agreed operational group to review role proposals
- Work with operation group to agree links into the business meetings for Business Partner and Business Controller roles
- Define a relationship level that will interact with the organisation hierarchy for both business partners and business controllers
- Communication of all roles of finance that touch service managers and clinicians

Communication and engagement

- Engage with the whole group of teams involved in the direct remit to gain feedback and revisions of what they would like to see taken forward
- Engage with Workforce to support this process and understand what Workforce processes we have to follow, and when, and to who
- Report into DMT on progress updates against key milestones (to be defined by the T&F group by 1st August 2023)
- Give updates in Team Brief Meeting, in August, September and October 2023. Thought to be given if an email update is needed in July
- Undertake appropriate consultation reviews, as defined by Workforce, at all key stages of the design stage to ensure a full proposal is presented, that could be implemented with immediate effect

Support required (to be confirmed)

- Appropriate representation of operational stakeholders to be defined
- Appropriate Workforce, Communications and Wellbeing support
- Link in with the operational team to gain buy-in for the proposed changes led by DOF

Timescale and planning

- Design proposals agreed and completed, and presented to DMT on 18th September 2023
- Prepare an implementation plan, including timelines, Workforce process steps, communication documentation and job descriptions

Out of scope

- Reporting lines to DMT to be considered out of scope, and will be concluded by the senior leadership team following the proposals made
- Key timetable milestones and deadlines are not to be changed, i.e. WD1, WD4

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.

Finance cannot 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.

Key Messages

- Intention to improve the function, make it more effective and improve the morale and job satisfaction of staff
- The review is to rebalance the skill mix and increase role focus, it will be cost neutral
- Incorporates the views of Arcus and the wider function
- OCP will cover current BP, MA, Value and CPT staff. Other staff are outside of this scope
- This is a proposal only, it is not final, and feedback from the Organisational Change Process (OCP) will be taken into account before a final version is decided upon (Everyone will have an opportunity to have their say)
- The DMT commitments are **no-one** will be put at risk as part of this process, there will be **no reduction to take home pay**, there is an expectation that people **will be expected to change roles** as part of this process. This is an exciting journey as we continue towards financial excellence, and we look forward to embarking on this journey together
- You will be supported throughout this process

Agenda

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The Vision for Finance

Mission statement: Adding value. Today. Tomorrow. Together

The Finance function strives to deliver a value added, best in class service that supports the delivery of the Health Boards vision and objectives.

The finance function will:

- Nurture, empower and invest in our staff.
- Provide high quality, timely and impactful information and insight.
- Deliver sound financial advice and support to aid the management of the in-year financial position.
- Ensure sound, robust stewardship of all accounting and financial operations.
- Work hand and in hand with the service to facilitate and co-pilot key business decisions.
- Proactively seek continuous improvement and new innovative approaches to standardise, simply and automate core processes, reporting and ways of working.

Agenda

1 Recap: The Journey so far

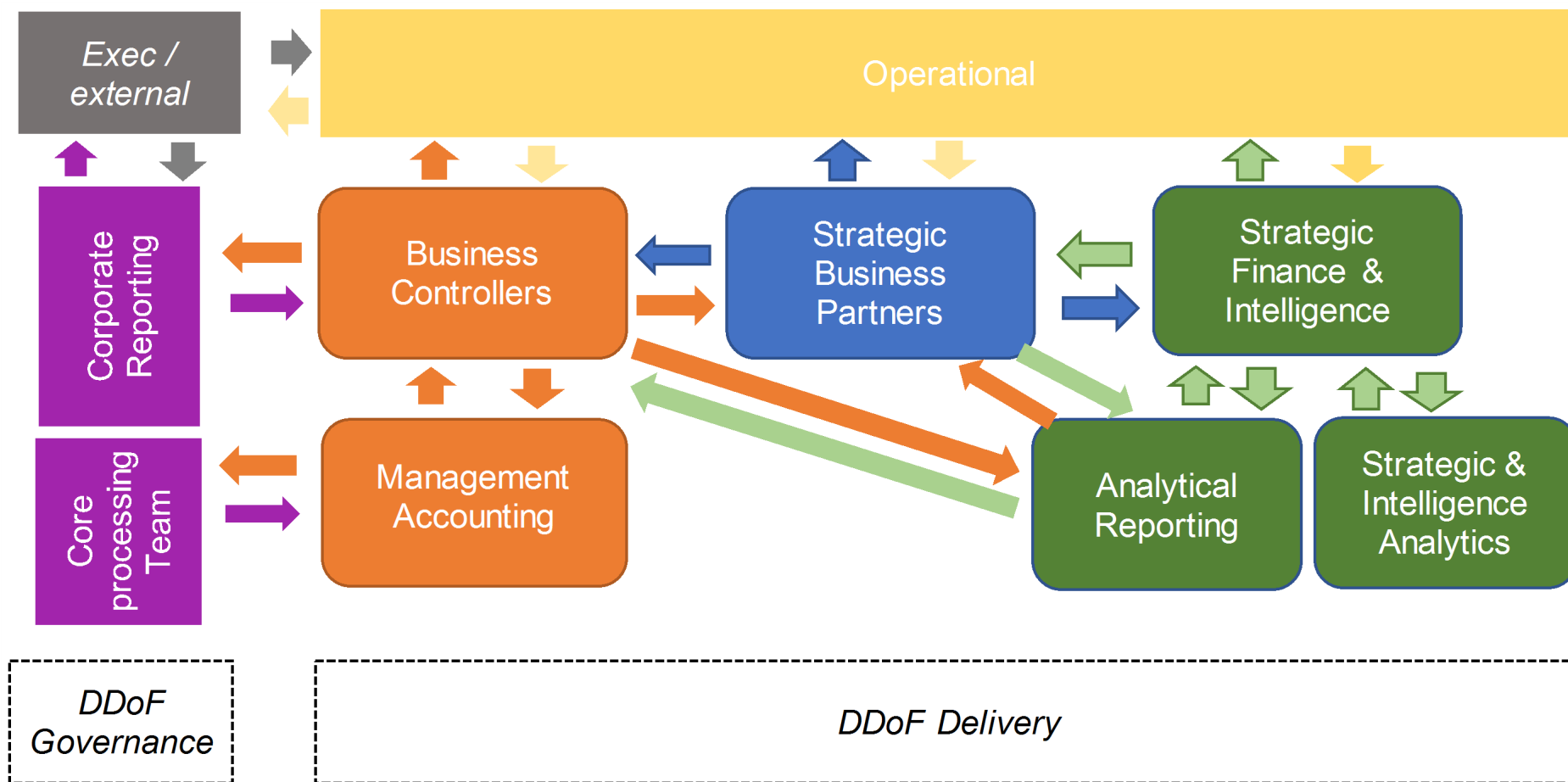
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Functional Roles



The colours on the diagram represent the functional teams

Guiding Principles

- **Core Processing Team** – A team responsible for the processing and transacting of journals and feeds into the ledger. Ensuring the governance of these transactions and implementing any necessary changes to processes as required.
- **Analytical reporting** – A data focused team, to provide consolidated current and retrospective toolkits for internal use, used by Strategic Business Partners, Business Controllers and Management Accounting. This will predominantly be based non financial data.
- **Strategic & Intelligence Analysts** – Utilising internal and external information to inform decision making, focusing on the most valuable issues for the organisation, testing assumptions and supporting cases for business change.
- **Business Controlling** – The primary owner of the monthly management reporting pack, forecasting process and assuring legitimacy of the accounts and engaging with service to enhance knowledge leading to improvement.
- **Management Accounting** – Supporting the business controllers and primarily responsible for the ledger and service focused knowledge discovery.
- **Business Partnering** – To set the strategic agenda and work hand and in hand with the service to facilitate and co-pilot key business decisions.
- **Corporate Reporting** – included (even though out of scope) to explain what will be coordinated centrally

Core Processing Team

- Responsible for the routine production of all core business process's feeds & transactional feeds into the financial ledgers (Drugs, Pay, Primary Care, Agency, Lease/Salary Sacrifice Car Schemes, Internal and External) (Adhoc, NPIC, NPNC) as well as posting all journals
- Transacting RRB's (information coming from BC unless can be direct from Service), principle adopted should be to be most direct route to raise the RRB.
- Responsible for the timeliness and accuracy of invoices produced, raising invoices and ensuring payment of the invoices.
- Income Register (information coming from BC unless can be direct from Service), principle adopted should be to be most direct route to raise Income.
- Income Accrual calculation and journal.
- Lease car management
- Responsible for the upkeep of the CHC Database Management & Transactional activities.
- Processing Blackline Reconciliations.
- Responsible for P2P and PSPP compliance messaging and AP link work (Public Sector Payment Policy target is 95% invoices paid by 30 days – reporting to WG).

Analytical reporting

- Primary support for data mining for Strategic Business Partners
- Responsible for process improvement of all non-financial information gathering
- Responsible for delivering insightful non-financial information to support strategic business partners
- Responsible for changing processes with associate teams to enable improvement in processes to facilitate better information for decision making.
- Responsible for delivering standard health board wide activity data, that will be customised by BC to provide cost driver analysis
- Will complete the data provision for Benchmarking (historic).

Example areas (not exhaustive) are listed below:

- **Bed base**; utilised core beds and surge beds
- **Theatre and Outpatients**; capacity, utilisation and activity
- **USC metrics**; patient safety risk score, medically optimised, ready to leave, ambulances waiting outside, length of stay, A&E waiting times <4 hours, ED pathways, admitted patient activity
- **Community metrics**; number of visits and type, capacity, utilisation
- **Non-clinical metrics**; maintenance work, portering activity, cleaning activity, canteen covers and income

Strategic & Intelligence Analysts

- Scope and analysis of internal and external activity data sources to support Strategic Business Partners and Service.
- Support the medium and long-term finance strategy agenda
- Options appraisal and presentation of data findings for improvement project schemes, in co-ordination with Strategic Business Partners
- Regularly engage with NHS Executive to aid with new insights/data resources.
- Report/link in regularly with Strategic Business Partner.
- Provide support to Strategic Business Partners through analytics and insight.
- Demographic work and analysis.
- Contribute analytics to SBARS/PIDS/Business Cases.
- Use various published forms of Benchmarking data to provide insights into variation.
- Responsible for developing a consistent approach to assessment value.
- Responsible for opportunity / pathway costing.
- Production and completion of Annual Welsh Costing Returns.
- Formal link and financial support to value based health care programme

Business Controller

- Presents to finance and service & validates the month end position at both the timetable closure meetings & with the service at relevant review points.
- All budget & establishment accountability including allocations from reserves.
- Facilitates & maintains a robust, flexible working relationship with all other pillars of finance to enable successful delivery of timetabled periodic accounting closures.
- Create & maintain appropriate links with the service, across all delivery structures, to ensure robust & accurate information is reflected within the financial ledger.
- Use service understanding & insight to ensure accuracy of internal finance accounting procedures, supported by sufficient appropriate audit evidence.
- Use service understanding & insight to enhance standardised reporting offerings, to ensure these are all relevant and useful to the service. Answering the 'Why' questions.
- Leading on external SLA monitoring, providing support for the service in negotiations.
- Support the training and development of Management Accounting colleagues
- Line Management of MA staff
- Responsible for leading the Audit for the areas under their control.

Functional Roles

Management Accounting

- Presents to the service teams such as nurse managers communicating the financial position and cost centre level, providing a key role of educating service team members of how their budget works and what changes they can make to improve their financial position.
- All budget & establishment responsibilities including allocations from reserves.
- Responsible for ensuring the accuracy of the month end position.
- To prepare analysis to support understanding of financial position and to communicate this with the business controller.
- Key point of contact with the service to train and educate team members in tools such as Qlikview, ADH process, also responsible for rolling out training for new finance toolkits to service colleagues.
- Key sign-poster of service to most appropriate contact to resolve queries, takes ownership in resolving queries to customers satisfaction.
- Monitor performance through the ledger of savings schemes and update tracker.
- Supporting with the combining of financial information and non-financial service knowledge to share with BC to understand position.
- Work with the core processing team / service to improve business process and learning.
- Responsible for cover into the business controller roles for absence.
- Produce monthly standardised management reporting pack for the service which will include in month, YTD, graphs, tables and data driven commentary.

Functional Roles

Strategic Business Partner

- Work hand in hand with the service to facilitate and co-pilot key business decisions.
- 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 service lead's objectives.
- Facilitates discussions, options and recommended actions that support the Health Board's strategic direction.
- Develops good working relationships with core functions such as Workforce, Informatics, Planning etc.
- Provides financial leadership in the development of strategic business cases and the development of complex service and financial models.
- In support of delivering financial balance and efficient services, provide business partnering support in the development of cost reduction schemes to support the implementation of the Health Board's Operational Plan.
- Responsible for evaluating the in year financial position change, working with the directorate on financial savings targets For example: cost cutting actions and technical efficiencies
- Financial evaluation of SBARs required for cost cutting / technical efficiencies
- Expectation to be forward looking, with work priorities supporting in shaping the Health Board's medium to long term strategy.

Corporate Reporting (to be developed over time, not in scope of review)

Recognising Corporate Reporting activities are not part of the scope of the Arcus review, it is helpful to explain the key financial information that will be coordinate centrally to supplement the other teams and avoid duplication

The following are to be made available monthly through the CR team, driven from ledger data. If items are not listed here, they will be undertaken in the BC or BP teams for any further analytical requirements:

- **Nurse Agency**; actual shifts and costs, type, fill rates against budget, reasons for usage, names
- **Establishment reports**; budgeted vs Actual WTE/Sessions, Starters and Leavers, possibly open Trac items
- **Base statistically modelled forecast**; for BC to then overlay insightful knowledge into a central process
- **Medical**; actual sessions, grade of Doctor, type, reasons for usage, names
- **Drugs & Prescribing**; cost per item, volumes, mix effects, trends
- **CHC**; number of packages, cost per package, average costs, trends

The above will be developed over time, broadly in the order as listed above. Where process improvements are identified as being needed within source feeder or accounting processes, the team will liaise with CPT, or others, to engage and agree a collaborative workplan to address the actions, balancing the need to improve reporting with the efficiency that is needed within CPT.

When deciding the provider of information – if it is national and is it ledger driven? If yes, then likely to be CR

Summary of team responsibilities

- Business controllers will be responsible for the accuracy of the financial position, ensuring grip and control. They will align to organisational structures, With the line management of Management Accounting function.
- Strategic Business Partners to focus on opportunities and savings schemes to drive change through the organisation, both in year and over the medium term
- Strategic & Intelligence analysts a supporting pool function for Strategic Business Partners to focus on opportunities and benchmarking variances with potential for sustainable operational and financial improvements
- Analytical reporting team to provide consolidated current and retrospective toolkits for internal use, used by Strategic Business Partners, Business Controllers and Management Accounting. This will predominantly be based upon non financial data on a holistic health board wide view
- Communication through operational teams will be key to successful delivery of the proposed changes. Global comms and targeted communications will be delivered.

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What happens next?

Next Steps.

- DMT to work with workforce colleagues to determine appropriate OCP process
- Launch an OCP early in the new calendar year