



GIG
CYMRU
NHS
WALES

Finance Delivery Unit
Uned Gyflawni Cyllid

Finance Delivery Unit

Annual Report (including Annual Assurance Statement)

May 2021

Evidence, Excellence, Insight, Delivery

Introduction

The creation of the Finance Delivery Unit ('the Unit') was announced by the Cabinet Secretary for Health and Social Services in 2017. The purpose of the Unit is to enhance the capacity to:-

- Monitor and manage financial risk in NHS Wales and to respond at pace where organisations are demonstrating evidence of potential financial failure; and
- To accelerate the uptake across NHS Wales of best practice in financial management and technical and allocative efficiency.

The Unit was formally established in January 2018 when the Director came into post and has subsequently developed into a team of sixteen. The Unit is accountable to the Director of Finance, Health and Social Services Group at Welsh Government and the annual work programme is agreed and monitored through regular meetings with Welsh Government.

Hosting arrangement

The Unit is hosted by Public Health Wales on behalf of the Health and Social Services Group, Welsh Government. This agreement, signed by all parties requires:-

- Six monthly formal review meetings to discuss the Unit's progress

on governance arrangements and any particular issues relating to hosting arrangements;

- Quarterly review meetings to discuss matters relating to workforce, finance and corporate support;
- Attendance at the Public Health Wales Audit Committee at least annually to provide assurance that the Unit is complying with the terms of the hosting agreement;
- Preparation of an Annual Assurance Statement; and
- An Annual Review to be completed in the final quarter of each year.

The Unit has fully complied with these requirements. The Unit is in frequent contact with the Deputy CEO & Director of Operations and Finance at Public Health Wales with scheduled meetings taking place on a periodic basis.

The Director and Deputy Director of the Unit are due to attend Audit Committee on 5 May 2021 to present this Annual Report, incorporating the Annual Assurance Statement, demonstrating compliance with the terms of the hosting agreement.

Reflections on 2020-21

2020-21 has been a challenging year for all NHS staff as the impact of the pandemic is felt across the system. The Finance Delivery Unit is proud of the contribution we have made to the pandemic response. At the very outset, the team adopted a flexible approach in order to play a support role for Welsh Government working with the system including colleagues within health boards and trusts. Drawing on the strengths of our team, we played a pivotal role in a number of areas including:-

- Personal protective equipment (supporting the development of reporting and monitoring systems working with Welsh Government and NHS Wales Shared Services Partnership);
- Governance arrangements during the pandemic;
- Financial monitoring processes to inform funding decisions at Welsh Government;
- Alignment of financial and non-financial information on key programmes including Test, Trace and Protect, mass vaccinations and field hospitals;
- Supporting the implementation of arrangements to commission independent sector capacity;
- Strengthening planning and monitoring arrangements including detailed review and analysis of quarterly plans and the development of a minimum data set approach; and
- Costing for COVID.

Further detail of our work in these areas is outlined on pages 12-13.

Business as Usual

In parallel to the COVID-19 support that the Unit has provided, the team has maintained a focus on existing core priorities as appropriate whilst recognising the impact of the pandemic. The Unit's four key work-streams are:-



In particular, we have focused on the value and resource utilisation agenda whilst continuing our system support role, cognisant that these programmes of work will be particularly important as the NHS emerges from a pandemic response into a recovery agenda.

The Value Based Healthcare agenda is growing significantly and members of our team are embedded into all aspects of the national work programme. The profile of the programme was further enhanced with the recent announcement that Wales has been selected as a global innovation hub for value based healthcare by the World Economic Forum. This will bring significant collaboration and learning opportunities.

Pages 5-11 outline some of our key achievements during the year.

Our Team

All members of the team have predominantly been working from home since March 2020. The Unit holds team meetings three times a week, striking a balance between 'checking in' to ensure that the team are adequately supported and in touch with each other and maintaining a business focus, considering priorities for the team and individuals. The team has responded positively to this approach which has ensured that we have maintained cohesion and connection during this remote working period.

Throughout the pandemic period, we have maintained our commitment to staff development and have hosted several three month virtual placements for final year graduate placements and Aspiring Finance Leaders. We have received positive feedback from all placements. Our review meetings have identified that they felt it was a positive learning experience and that they particularly enjoyed the team culture and focus on quality for the outputs of their work.

Team Recognition

We were delighted to be awarded the Public Finance Team of the Year (Health) award in 2020. The judges acknowledged the Unit's "strong focus on a learning and development culture" and demonstration of "great local and national collaboration across professions."

Maintaining Stakeholder Relationships

Throughout the pandemic period, we have continued to focus on maintaining and developing relationships with stakeholders to support the agenda. Our key relationships now span a breadth of nations, sectors and organisations. Further detail of our engagement is outlined on page 15.

Compliance Matters

The Unit has performed well on matters of compliance during the year, maintaining our focus on budgetary control, compliance with statutory and mandatory training and ensuring that we adhere to the Managing Attendance policy.

We delivered a break even position during the year. A summary of our compliance can be found on page 4.

Percentage of Staff with a PADR



Sickness Rate to March 2021



Statutory and Mandatory Training



Forecast Financial Position



Commentary

Every member of the team has a signed off Personal Appraisal Development Review ('PADR'). The PADR includes SMART objectives based around the Unit's work programme together with personal development objectives.

At 31 March 2021, compliance with statutory and mandatory training was 90% and the percentage of staff with a PADR was 100%. The Unit has experienced significant challenges with the recording of training during the period. In particular, members of the team have completed modules of online training but this was not recorded as such on the system. This has been escalated to Public Health Wales and the ESR team for resolution. The Unit maintains a detailed tracker of PADR dates to ensure that we are compliant and dedicate time for performance reviews and development conversations.

Sickness has been low during the period. All episodes have been logged on ESR and return to work interviews held in line with the Managing Attendance policy.

The Unit has achieved a breakeven position. Due to staff changes, phased recruitment and the impact of the pandemic, the Unit had a small under-spend on its original allocation. Under the terms of the hosting agreement, arrangements have been made to return this to Welsh Government.

The Unit has Standard Operating Procedures that mirror the requirements of Public Health Wales. The Unit has a compliant asset register and register of interests in place.

Introduction

The Unit is playing a significant role at the heart of the national [Value in Health Programme](#). The programme, under the leadership of the national clinical lead, Dr Sally Lewis, has strengthened during the year with a focus on robust programme and project management and clear deliverables. The Unit is represented at all levels of the governance and delivery structure.

Value Based Healthcare ('VBHC') is one of the four core parts of the Finance Delivery Unit's work programme. Our team is passionate about the principles of VBHC and the part we can play in improving outcomes for patients. We play multiple roles across all aspects of the programme and wider NHS system, including:-

- Providing Financial leadership on VBHC;
- Supporting the development of the National VBHC programme and underpinning governance framework;
- Working with national clinical leads to develop value based approaches to specialties and conditions;
- Developing and delivering products to provide insight and intelligence to clinicians and operational managers to support improvement;
- Working with other stakeholders and partners to develop and implement VBHC within NHS Wales
- Developing capacity and capability on a system-wide basis to drive progress in implementing a VBHC approach; and
- Sharing experience to support practitioners through case studies.

A Value Finance Leadership Group has been established to progress with key projects at pace. Membership of the group includes Welsh Government, Finance Delivery Unit, and the Directors of Finance from each Health Board. The group meets on a fortnightly basis and aims to drive progress in priority areas.

There is a recognised need to accelerate the implementation and adoption of VBHC across the NHS in Wales, focusing on improving patient outcomes. Value will play a key part of post-pandemic health and care recovery programme. Another key driver for the acceleration of Value Based Healthcare is the recent announcement that Wales is one of only four global innovation hubs selected by the [World Economic Forum](#) to pioneer cost-effective and patient-centred healthcare models.

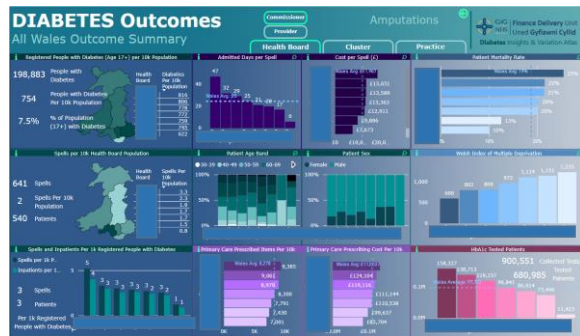
Value in Health puts Wales on the map as a global lead in health systems transformation



Products - Diabetes

The Unit has led the development of a number of products to support the identification of variation and opportunities to improve outcomes for patients.

A Diabetes Improvement and Variation Atlas has been developed to provide insight and intelligence on adverse outcomes, including interventions along the pathway that could improve these outcomes. The product has initially focused on foot disease (amputations), eye care (diabetic retinopathy) and diabetes in pregnancy.



The Atlas has been developed in collaboration with Dr Julia Platts, the national clinical lead for diabetes. The product is being developed in phases as more data and intelligence becomes available. The first

phase is due to launch in May 2021. Under the steer of the Value (Finance) Leadership Group, the initial proof of concept has been discussed with every health board and next steps (local and national actions) are being developed.

Products – Finance Analyst Dashboard

The Unit leads the costing agenda in Wales and has a wealth of intelligence to support pathway change and the realisation of opportunities within NHS Wales.

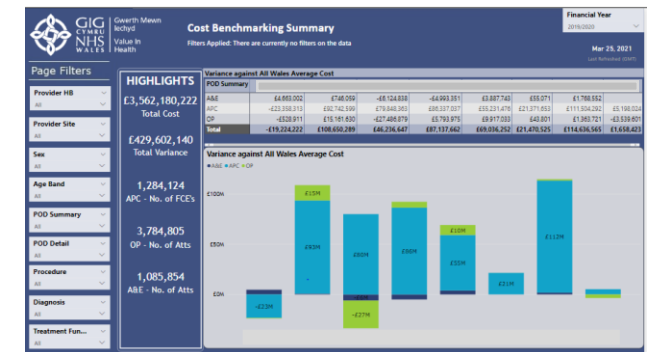
The National Data Resource programme has supported a proof of concept

to utilise costing intelligence. This has enabled the Unit to work with external consultants to develop a series of insight dashboards. The Finance Analyst dashboard contains all costing information and can be filtered in a number

of ways in order to identify variation. This dashboard is due to launch in May 2021.

Products – Knee Pain Dashboard

A Knee Pain Dashboard is also under development to provide insight to this pathway bringing together on a National basis a range of metrics from an activity and cost perspective. The Unit is also using this as a proof of concept aligning data with patient reported outcomes for one health board in order to fully explore a Value based approach to this intelligence to inform future opportunities and developments.



Products - Lymphoedema

The Unit is working closely with the national clinical lead for lymphoedema on a number of VBHC projects. The Unit is providing ongoing support to the service to rollout the national business case, demonstrating financial and non-financial benefits. We are also supporting the team with



Value Based Pathway

- Went to GP for swollen legs and pain- referred to *Lymphoedema Service*
- Or admitted with 1 x cellulitis referred to *Lymphoedema Clinic*

Costs:

- 1 x GP Home Visit = £131
- 1 cellulitis admission= £4k
- 10 bandaging visits = £530
- Dressings/ garments= £1200
- 2 x year LO clinic= £100
- Total= £5,961**
- So £82K versus £6K**

Outcomes:

- Healed wounds
- Legs swelling reduced
- Drives her car
- Pain controlled

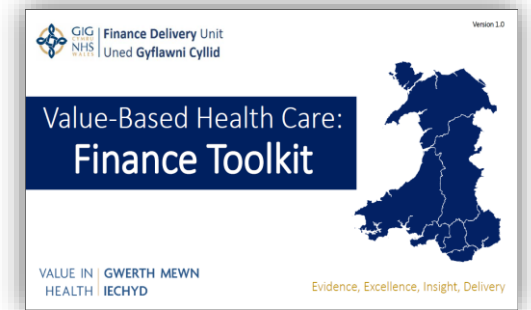
• PSSRU=Personal and Social Services Research Unit (Curtis and Burns, 2018: 119)



Education and Awareness

Education and awareness are critical components to the Value in Health programme and the Unit has placed this at the heart of our work programme during the year.

The Value Based Health Care finance toolkit was launched in October 2020. The toolkit outlines the role of finance in the delivery of VBHC and various key costing methodologies and approaches with worked examples. The toolkit is a useful guide for the finance community in how to implement VBHC approaches.



a time driven activity based costing exercise to assess the variety of clinical pathways currently in place. This work has commenced at a number of health boards. The objective is to align cost information with the wealth of outcome data collected by the service to determine the clinical pathways and interventions of greatest value. This will support the development of a national evidence-based clinical pathway for Wales.



On behalf of the Value in Health Programme, the Unit has developed a maturity assessment to assist organisations in identifying and addressing gaps that are preventing progress in implementing VBHC, to enable solutions to be identified to take local programmes forward.

Best Practice Financial Management

Introduction

Finance business partnering has been adopted throughout NHS Wales to varying degrees with some inconsistency in the approach and model used.

The Finance Academy Board agreed that implementation of an evidence-based best practice model was a key priority, and the Unit led the delivery of this project for the NHS Wales finance community, which was completed during 2020-21.

Structure

The Business Partnering Task and Finish Group developed a five point plan as follows:-

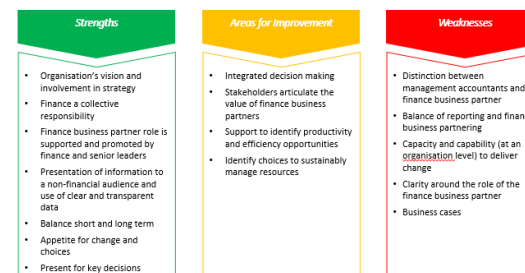
- **Define** – agree a common definition of business partnering;
- **Describe** – using desktop research, outline the best practice model for finance business partnering in NHS Wales;
- **Discover** – develop a maturity matrix and self assessment to understand the baseline position across Wales and by organisation;
- **Develop** – develop a training programme to enhance the skills of finance business partners with options to deliver; and
- **Deliver** – deliver the development programme and evaluate.

Outputs

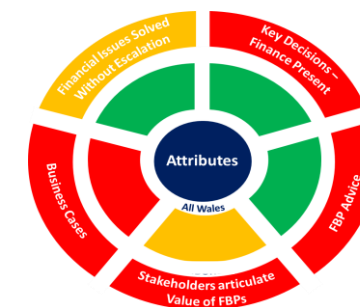
The work of the Task and Finish Group is now complete.

An evidence-based best practice model was developed and endorsed by the Finance Academy Board in March 2020.

A baseline assessment of the current position of NHS Wales was undertaken using a self assessment tool. The output of this was twofold; a national picture of areas of good strength and improvement and a series of bespoke local reports with accompanying recommendations for every NHS Wales organisation.



National themes



Local position (illustrative)

The Task and Finish Group constructed a development programme for finance business partners based on the best practice model and the gaps identified in the self assessment. The Finance Academy is now progressing with the implementation of this programme.

Support and Challenge

Introduction

Providing support and challenge to NHS Wales organisations has changed emphasis given the improvements made in financial management and de-escalation of specific organisations, in addition to the impact of the pandemic. The emphasis has moved towards one of support during the pandemic and recovery process that lies ahead, with more individualised support arrangements for organisations whilst supporting Welsh Government in monitoring and managing financial risk within NHS Wales.

Monthly Monitoring Return process

Our team have maximised the use of Microsoft Office 365, particularly the business intelligence software now available.

The team has developed processes to utilise the data included within each organisation's monitoring return into an effectively monthly Power BI dashboard and analysis tool.

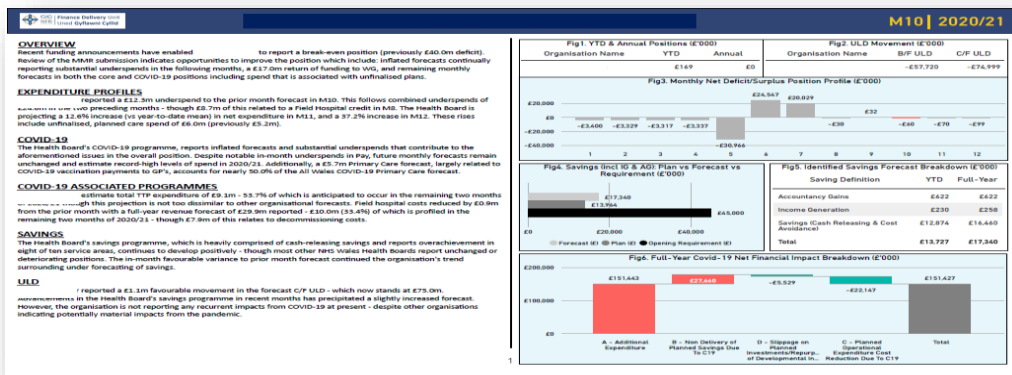
Automating products and processes has released analyst time for greater in-depth and meaningful review of the organisation's position. Peer review processes have also been adopted within the team to ensure quality standards are met. This occurs monthly and summarised reports are provided to Welsh Government to inform monthly monitoring arrangements. The team has also developed a comprehensive All Wales financial position report, which serves to highlight variation and actions required. This report informs a monthly summary provided to the NHS Executive Board with Welsh Government officials and NHS Chief Executives.

The team has ambitions to further improve this process during 2021-22, including exploring the use of other tools and software such as Power Automate.

Review & Challenge

During COVID, it has been imperative for organisations to provide a robust assessment of their financial position, including the net costs of COVID. This position is relied upon by Welsh Government to inform funding allocations and the management of resources across the system.

The Unit supported Welsh Government with a detailed review of organisation's positions at month 6 in order to inform the full year forecast and all key variables. Briefing packs were prepared for each organisation and the meetings included discussion of assumptions, workforce plans, capital spend and governance processes. Each organisation received a letter summarising the conversation and any agreed actions. Welsh Government also used the intelligence to inform the full year forecast.



Support and Challenge

Planning

The Unit increasingly plays a key role in supporting the planning process across NHS Wales taking the lead for the financial components.

In response to the pandemic Welsh Government introduced a necessary deviation from an annual integrated medium term planning process to a quarter planning approach given the constantly evolving pandemic response and its impact on the wider provision of services. In order to support the process and improve the quality of submitted plans, the Unit has focused on two key areas:-

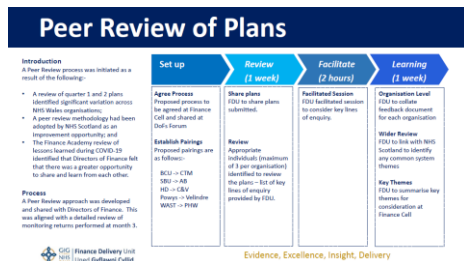
- A peer review process of financial plans to maximise learning across organisations; and
- At the request of Welsh Government the development of a minimum data set approach to collate information on planned activity levels, workforce and finance.

variables and approaches to plan development, including Directors of Finance and the wider finance team. The feedback on the process was positive with a production of bespoke reports for each organisation identifying areas of good practice, areas for improvement and agreed actions.

The minimum data set approach was agreed with Welsh Government with the Finance Delivery Unit taking a lead role in the development of templates for data capture, and subsequent analysis based on the skills, knowledge and experience of the team.

The templates sought, to facilitate an understanding of organisational assumptions on activity, workforce and finance and served to highlight variation across health boards and outlying assumptions. The team worked closely with colleagues from the Delivery Unit to validate and test the data.

This approach has further iterated as part of the planning process for 2021-22.



The peer review process took place in September 2020. Organisations were buddied and provided with copies of plans, monitoring return dashboards and finance returns to inform a conversation. The reviews considered key assumptions,

Financial impact of COVID-19

As outlined on pages 12 – 13, the Unit has focused on providing insight into the financial impact of the pandemic through the collation of forecast returns and templates. The outputs of this monitoring have been widely shared to inform decision-making at Welsh Government and within organisations.

Efficiency Framework

The Unit's Efficiency Framework remained available for NHS staff but development work paused for most of 2020-21 given the pandemic response and re-direction towards other priorities.

The Unit recognises that access to high quality benchmarking products will be a key component of recovery and work on the Efficiency Framework recommenced in the final quarter of the year. Given the wider development of Value Based Healthcare and the resource utilisation agenda the Framework will be redeveloped as the Value Allocation Utilisation and Learning Tool (VAULT) and will be developed with the finance community to support NHS recovery.

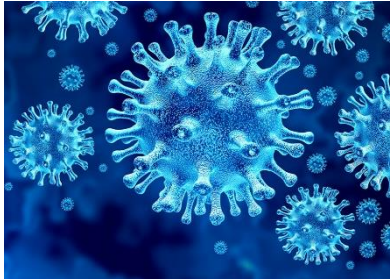
The team has progressed with migrating to a new and more intuitive and accessible Share-point site to enhance the user experience. Further, the team are refreshing a number of products in anticipation of a relaunch in June 2021. The Efficiency Framework Director of Finance sub-group is meeting routinely and representatives from across NHS Wales are engaged in a product development list.

Costing

The pandemic inevitably impacted on the annual statutory costing process for 2019-20. The timetable was modified in order to reflect the considerable capacity challenges in costing and information teams.

For 2020-21 a detailed approach has been developed for the annual process which meets Welsh Government and organisations requirements whilst recognising the impact of the COVID-19 pandemic and response, and which is pragmatic to the challenges of costing teams to produce robust costing information whilst supporting the ongoing COVID-19 response.

Our contribution to the COVID response



Introduction

At the outset of the pandemic, the Unit proactively took steps to provide support to our colleagues within Welsh Government and NHS Wales. The collective skills and experience of our team enabled us to play a supporting role in a number of key priorities and programmes.

Governance Arrangements

An immediate priority was to support Welsh Government in providing guidance to the system on governance expectations during the pandemic. The guidance adopted an approach to rapid decision making but balanced with effective controls and stewardship. This guidance was issued to Chief Executives by Dr Andrew Goodall on 30 March 2020.

The Unit also supported NHS Wales Shared services to draft guidance on the controls required in order to make advance payments for high demand items.

The Unit support the establishment and management of a regular Finance Cell, chaired by the Director of Finance for Health and Social Care at Welsh Government. This group comprised of senior finance professionals and was used as a forum to test key policies and plans, linking with the service.

Personal Protective Equipment ('PPE')

The Unit supported colleagues at NHS Wales Shared Services Partnership on responding to the PPE requirements of the pandemic response. In Particular key members of the team were dedicated to support NWSSP's data requirements. Our team supported the development of a PPE stock holding and usage dashboard, and worked in partnership with NWSSP to develop a PPE demand modelling toolkit, and producing a daily dashboard and contributing to ministerial briefings for Welsh Government on the latest PPE stock position.



Independent Sector Commissioning

At the outset of the pandemic, the team provided some support to the system in respect of the work to secure independent sector capacity during the initial period of the pandemic.

Our role was to act as a critical friend in the development of the contracting mechanism and to liaise with health boards on the most appropriate mechanism to capture costs and monitor activity.

Our contribution to the COVID response



Field Hospitals

We worked with Welsh Government colleagues in capital planning to develop a template to capture the indicative revenue and financial costs of the field hospitals established throughout Wales.

The Unit linked with all health boards establishing field hospital capacity to understand and explore key assumptions, including workforce delivery models, capacity and likely costs. The Unit also worked with Welsh Government to assess the reasonableness of the estimated costs and the contracting mechanisms used. The output was a series of reports identifying findings and learning opportunities, together with a monthly overview of costs at a local and national level.

Test, Tract and Protect / Mass Vaccinations

The Unit worked with policy colleagues at Welsh Government to understand and establish funding flows, and linked with health board finance teams to develop a template to capture costs and activity in the key programme areas. Members of the Unit have attended the respective programme boards to ensure that members are apprised of the costs of the programmes.

Costing for COVID

As the body that leads the annual costing process on behalf of Welsh Government, the Unit has worked closely with organisations to develop a pragmatic approach to costing during the pandemic period.

The process was largely unaffected in 2019-20 due to the presentation of COVID relatively late in the financial year. Further work has been undertaken in respect of the 2020-21 process through the All Wales Costing Technical Group.

All Wales Financial Position

The Unit developed a comprehensive suite of information identifying the monthly net impact of COVID. This information was available at a detailed level as well as a consolidated All Wales summary level. The report is provided to the Welsh Government Executive team and Chief Executive Officers on a monthly basis.

Other

As outlined in this report the Unit also contributed to a number of wider planning and monitoring support arrangements during the pandemic response and ongoing as required by Welsh Government.

Recognition of Our Team

We were delighted to be awarded the [Public Finance Team of the Year \(Health\)](#) Award for 2020.



“With its strong focus on learning and development culture, this entry demonstrated great local and national collaboration across professions.”
Public Finance Award Judges

The Finance Delivery Unit is proud of Tim Kelland (Assistant Director) who was awarded the [ACCA Advocate of the Year for the UK](#), swiftly followed by the same award for [Europe and the Americas](#)



“The impact Tim’s advocacy has had on the UK health sector and the promotion of ACCA has been immense. Congratulations on this wonderful achievement.”
Claire Bennison, Head of ACCA UK

Our Stakeholders

Stakeholders

Maintaining and growing our network is a high priority within the Unit, particularly given our focus on driving improvement and best practice.

In addition to our core NHS Wales stakeholders, we have increasingly linked with policy colleagues within Welsh Government. This has, in part, been driven by our involvement with core COVID programmes including Test, Trace and Protect, field hospitals and mass vaccinations.

We have worked closely with Welsh Government and other NHS Wales colleagues to share available information to ministers as part of routine updates and briefings.

We have maintained our connections with colleagues from the other UK nations, sharing practice on COVID costing, allocation arrangements and cost monitoring. This has also included leading a dedicated session showcasing NHS Wales' innovations at the Celtic Nations conference held in February 2021.

As we play a role at the heart of the Value in Health programme, our work is increasingly being showcased on an international stage. This will bring collaboration and learning opportunities with international partners, including the World Economic Forum, industry and academia.



Appendix 1: Our Mission, Vision and Values



our VALUES



Quality Focused

We are motivated to deliver high quality information and outputs to support and enable improvement.



Teamwork

We work together as a team, supporting each other in a trusted environment. We respect each other and value the different knowledge, skills and experience that we each bring to the team.



Open & Honest

We operate on the basis of openness and honesty, building trust with NHS Wales and each other acting as critical friends to support improvement.

Every member of the team has formally signed up to our mission, vision and values.

The Team revisited the content during the year and confirmed that it reflected the ambitions and values of the Unit.