

# 70 years of the NHS in Wales: the changing role of the NHS finance function



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## Acknowledgements

The HFMA is committed to carrying out research for members working in Scotland, Wales and Northern Ireland. This topic was suggested by the Wales Branch and the Welsh Government. The authors of this briefing were Lisa Robertson (policy research manager) and Elgan Roberts (financial management graduate student) under the direction of Emma Knowles (head of policy and research).

The HFMA is grateful to those who assisted with the research:

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Carol Shillabeer, Powys Teaching Health Board

Ffion Geary, Aneurin Bevan University Health Board

Gavin Shivers, Welsh Government

Heather Favager, Betsi Cadwaladr University Health Board

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# Introduction

As we mark the 70th anniversary of the creation of the National Health Service, Wales has a particular reason to celebrate as it was founded by the Welsh health minister, Aneurin Bevan. In this briefing we reflect on the journey so far for the NHS in Wales and what the future might look like.

Devolved responsibility for NHS Wales, an ageing population and advancements in technology have all had a significant impact on the changing experience of the finance officer from 1948 to today.

Looking at performance indicators and press reports, it can be easy to paint a gloomy picture of the current state of the NHS. However, innovative and inspiring stories across Wales illustrate the considerable advancements made.

This progress needs to continue. While reflecting on the achievements of the last 70 years, the NHS must continue to change to meet the needs of our changing society.

This briefing reflects on what has changed for the NHS in Wales since its inception 70 years ago; celebrates advancements; considers the challenges faced; and explores how these might inform the direction of travel for the NHS policy framework in Wales and the role of the NHS finance function.

# The NHS in Wales 1948 to 2018

## The birth of the NHS

The NHS was founded by the Tredegar-born health minister, Aneurin Bevan, in 1948. It was in Tredegar, with the introduction of the Tredegar Workmen's Medical Aid Society, that Bevan witnessed the notion of universal and collective health provision.







Established in the late 19th century, the society was initially for workers employed by the Tredegar Iron and Coal Company. By the mid-1940s, it was estimated that the society provided medical care for 22,800 of the town's 24,000 inhabitants. As Bevan commented: 'The essence of a satisfactory health

service is the rich and poor are treated alike, that poverty is not a disability and wealth is not advantaged'<sup>1</sup>. On arguing the case for his view of the national health service, he explained: 'All I am doing is extending to the entire population of Britain the benefits we had in Tredegar for a generation or more. We are going to 'Tredegarise' you'<sup>2</sup>.

## Then and now

Much has changed in the past 70 years for the NHS in Wales – in terms of what is delivered, how it is delivered and the results achieved. **Diagram 1** summarises some of the key changes.

**Diagram 1: The NHS in Wales – then and now**

	Then: 1948	Now: 2018
<b>Legislation</b> 	July 1948: <i>National Health Service Act 1946</i> took effect	2006: <i>National Health Service (Wales) Act</i>
<b>Structure</b> 	A tripartite system consisting of primary care, community service and hospital services	7 health boards, 3 trusts (public health, ambulance, specialist services), 22 local authorities (working jointly across 19 public service boards and 7 partnership boards)
<b>Medical staff</b> 	Medical (including nursing) staff: 9,900 <sup>3</sup>	Medical (including nursing) staff: 35,845 <sup>4</sup>
<b>Demographics</b> 	Population 2,552,000 <sup>5</sup> , % over 65 10.7% <sup>6</sup>	Population 3,125,000 (in June 2017), % over 65 20.6% <sup>7</sup>
<b>Funding</b> 	Funding (real terms) per annum £729m, expenditure per person (real terms) £286 <sup>5, 8, 16</sup>	Funding per annum £6.8bn, expenditure per person: £2,200 <sup>7, 9</sup>
<b>Average life expectancy (UK average)</b> 	Men 66 years, women 71 years <sup>10</sup>	Men 80 years, women 83 years <sup>11</sup>

<sup>1</sup> Aneurin Bevan, *In Place of Fear A Free Health Service*, March 1952

<sup>2</sup> Wales Online, *We are going to 'Tredegar-ise' you, Bevan told rest of the UK*, March 2008

<sup>3</sup> Welsh Government, *Digest of Welsh Historical Statistics 1700-1974: Table 10.4*, July 1985

<sup>4</sup> Welsh Government, *Staff directly employed by the NHS 30 September 2017*, March 2018

<sup>5</sup> Welsh Government, *Digest of Welsh Historical Statistics 1700-1974: Table 1.8*, July 1985

<sup>6</sup> United Nations, *Demographic yearbook, historical supplement*, 2016

<sup>7</sup> Office for National Statistics, *2017 mid-year population estimates*, June 2018

<sup>8</sup> Welsh Government, *Digest of Welsh Historical Statistics 1700-1974: Table 10.6*, July 1985

<sup>9</sup> Welsh Government, *Budget 2017-18 (NHS delivery)*, December 2016

<sup>10</sup> University of California, Berkeley (USA), *Human Mortality Database*, data downloaded May 2018

<sup>11</sup> Office for National Statistics, *Expectation of life, principal projection, UK, 2016-based*, December 2017

## Legislation

The *National Health Service Act 1946* came into effect on 5 July 1948, creating a single health service that was accountable to the secretary of state for health. Since devolution in 1999, responsibility and accountability of NHS Wales has been passed to the Welsh Government. The key legislation for the NHS in Wales in **diagram 2** shows a clear direction of travel, focusing on whole population health and well-being. From legislation through to organisational structure and all Wales programmes, integration and collaboration to improve health are strong themes.

### Diagram 2: The key legislation for the NHS in Wales today

*National Health Service (Wales) Act 2006* - consolidating existing NHS legislation

*National Health Service Finance (Wales) Act 2014* – setting 3 year financial and planning duties

*Social Services and Wellbeing Act (Wales) 2014* – focusing on social care it aims to develop a common understanding of what public services are required in an area

*Well-being of Future Generations Act (Wales) 2015* – to improve social, economic, environmental and cultural well-being in Wales<sup>12</sup>

*Public Health (Wales) Act 2017* - to address specific areas of concern over public health

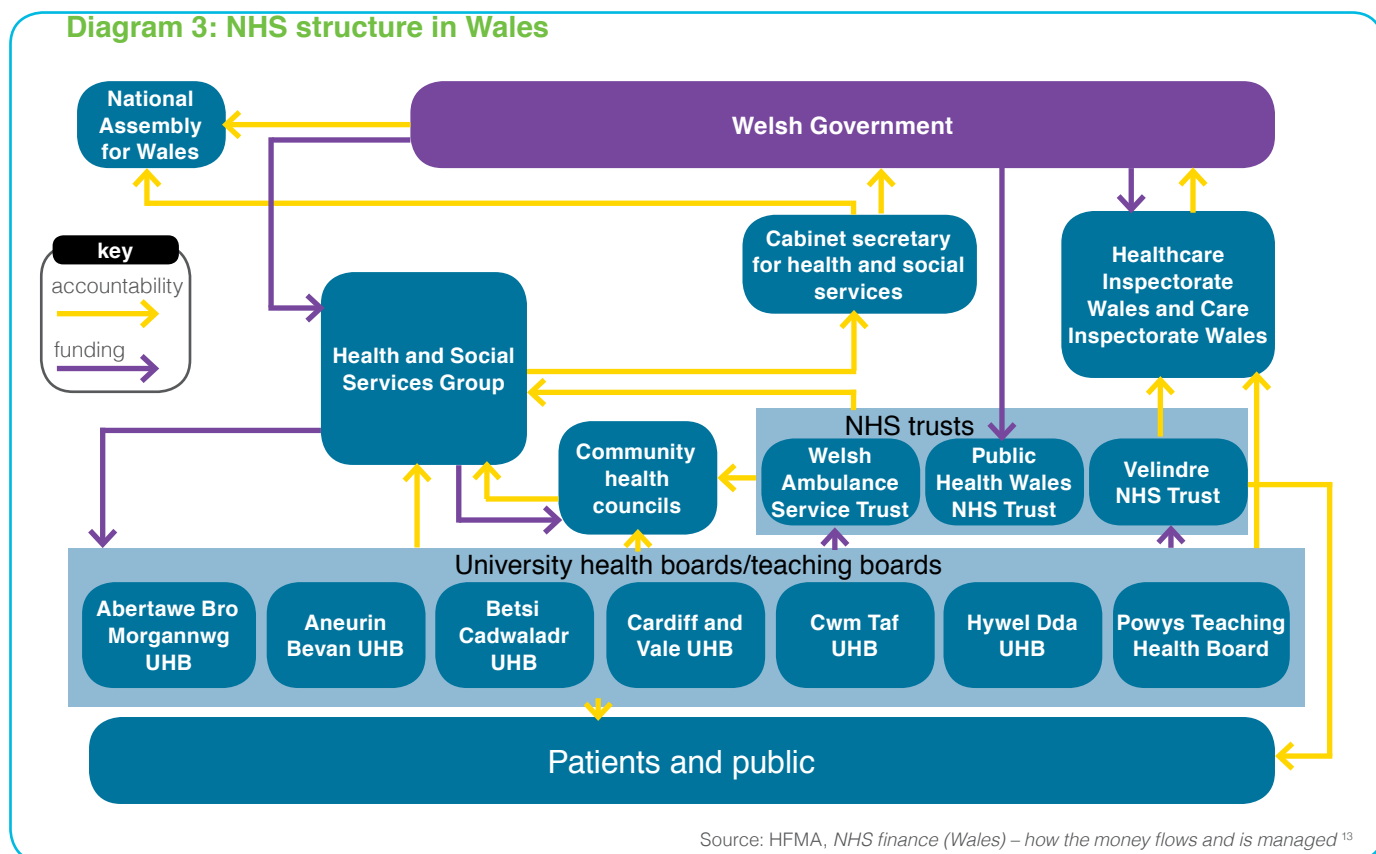
## Structure

The structure of the NHS in Wales between 1948 and 1974 was known as the tripartite system, which consisted of primary care, community services and hospital services, through family practitioner committees, local authorities and health authorities.

Since then the NHS in Wales has seen several changes to its structure, most recently in 2009.

The NHS in Wales now delivers services through seven health boards and three NHS trusts. The health boards are responsible for all NHS services delivered for their respective population within a geographical area, rather than the two-tiered trust and local health board system that existed previously. Today, as depicted in **diagram 3** below, the Welsh Government allocates and regulates the devolved budget directly to health boards.

### Diagram 3: NHS structure in Wales



Source: HFMA, *NHS finance (Wales) – how the money flows and is managed*<sup>13</sup>

<sup>12</sup> HFMA, *Integrated reporting in the context of the Well-being of Future Generations Act (Wales) 2015*, June 2017

<sup>13</sup> HFMA, *NHS finance (Wales) - how the money flows and is managed (e-learning)*

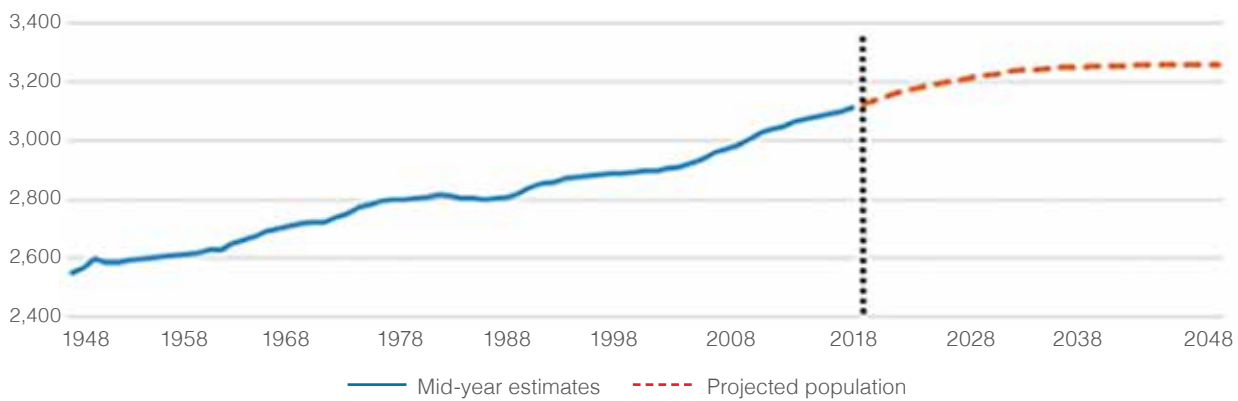
## Demographics

The population in Wales is the largest it has ever been, rising from 2.5 million in 1948<sup>5</sup> to over three million in 2017<sup>7</sup>. This equates to an increase of 2.94% per decade. Following current trends, the total population of Wales is projected to reach almost 3.258m by 2048<sup>14</sup>.

‘With an ageing population and only slightly more births than deaths annually in Wales, migration has been the main reason

for continued population growth in recent years’<sup>15</sup>. Along with the increase in population, Wales is seeing a rapid increase in the percentage of the population over 65 years of age - currently 20.6% of people in Wales are aged over 65<sup>7</sup>, which is predicted to increase to 27% by 2048<sup>14</sup>. This is a stark contrast when compared with 1948, when only 10.7% of people were over 65<sup>6</sup> (see **chart 1** below).

**Chart 1: Population estimates 1948 - 2048**



Source: Welsh Government<sup>5</sup> and ONS 2017 mid-year estimates<sup>7</sup> and 2016-based projection<sup>14</sup>

## Expenditure

Today expenditure on health services in Wales has increased almost tenfold since 1948. After its first year, expenditure was £19.6m<sup>8</sup> – equating to £729m in real terms<sup>16</sup>. In 2017/18, the budget for NHS services is £6.8bn<sup>9</sup>.

On average, health expenditure per person was less than £10 per head when the NHS was created (£286 in real terms)<sup>5,8,16</sup> compared with almost £2,200 per head in 2017/18<sup>7,9</sup>. As reported by the BBC, according to HM Treasury, £64 more is spent annually per person in Wales than England<sup>17</sup>.

Staffing accounts for 49% of the revenue expenditure for health boards in Wales<sup>4</sup>. The NHS was launched with approximately

1,600 medical and dental practitioners and 8,300 nursing and midwifery staff<sup>3</sup>. Almost 70 years later, as at September 2017, the NHS in Wales employed 77,917 people, of which 6,321 were classified as medical or dental and 29,524 nursing, midwifery or health visitors<sup>4</sup>.

The Health Foundation has commented that an annual funding increase of 3.2% for NHS services in Wales is needed to simply sustain services and 3.9% required if it is to benefit from technological advances and improve<sup>18</sup>. With the recent announcement of increased funding for the NHS in England, extra money will also be made available for the devolved nations, although in Wales it will be up to the Welsh government to decide how the expected £1.2bn<sup>19</sup> is spent.

<sup>14</sup> Office for National Statistics, Table A2-5, *Principle projection, Wales population in age groups*, October 2017

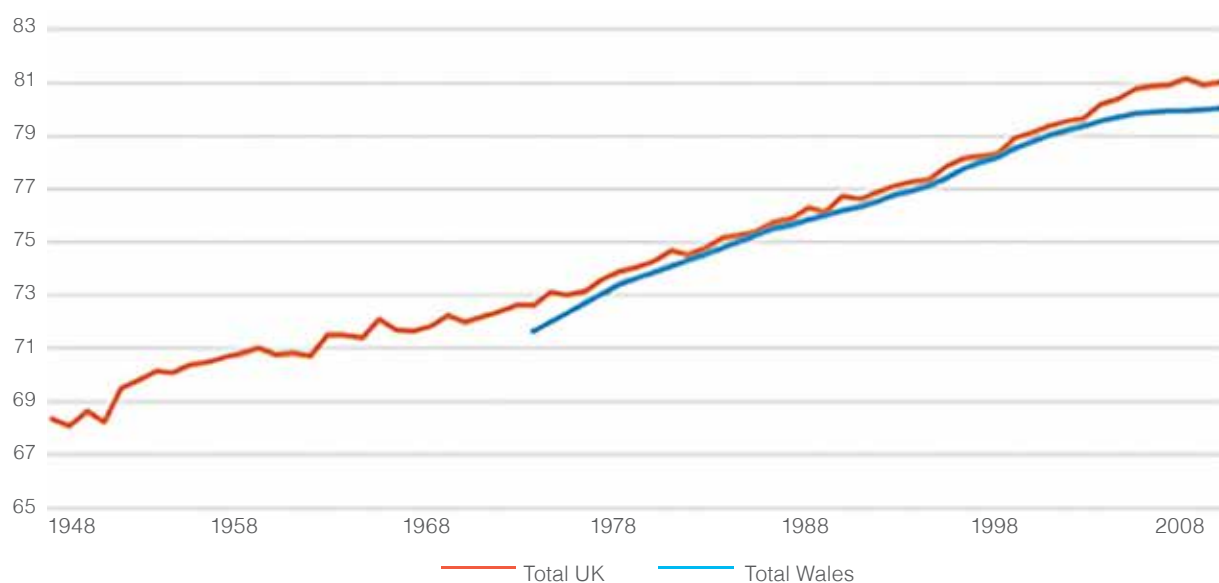
<sup>15</sup> Welsh Government, *Migration statistics – 2011*, March 2013

<sup>16</sup> Historical UK inflation rates and calculator

<sup>17</sup> BBC, *Reality Check: Is NHS funding worse in Wales?*, January 2018

<sup>18</sup> Health Foundation, *The path to sustainability*, October 2016

<sup>19</sup> ITV, *Welsh Government to get £1.2bn funding boost*, June 2018

**Chart 2: Life expectancy at birth, UK and Wales from 1948 to 2016**

Source: Statistics for Total Wales (available from 1976)<sup>20, 26</sup> and University of California<sup>10</sup>

## Patient experience

What an individual can expect from the NHS – both in terms of the service provided and their outcomes – has dramatically changed over the last 70 years.

**Chart 3** shows improving life expectancy in the United Kingdom (since 1948) and for Wales (data available from 1976). People born in the UK in 1948 have an average life expectancy of 66 (men) and 71 (women)<sup>10</sup>. For someone born today, those figures are 80 and 83 respectively, forecast to rise to 84 and 87 respectively for those born in 2048<sup>11</sup>. The life expectancy and years of good health does vary greatly depending on geographical location and social class.

The changing needs of the patient and advancements in medical care have resulted in significant changes to the services provided. In 1948, 'the tempo was slow by today's standards, lengths of stay being numbered in weeks. Bed rest was a major form of treatment for heart attacks, ulcers,

tuberculosis and childbirth and mentally ill and mentally handicapped people were generally sent away to large forbidding institutions'<sup>21</sup>.

Just a few examples of changing experiences include:

- Average length of stay for maternity is down from 11 days in 1948 to 1.5 days in 2009-10<sup>26</sup>
- The number of vaccinations for the average child has increased from two<sup>22</sup> to more than nine<sup>23</sup>
- Accident and emergency attendance has more than doubled since this data was first available in 1959, with 2017/18 average monthly attendance of around 84,000<sup>24</sup>
- Outpatient numbers have more than doubled from 1.1 million in 1959<sup>26</sup> to 3.1 million in 2016/17<sup>25</sup>
- 80 million prescriptions were dispensed in 2016/17 at a cost of £577m - the earliest comparative data from 1973 shows 21 million prescriptions issued at a cost of £14m<sup>26</sup>.

<sup>20</sup> StatsWales, *Life expectancy by gender and year*, downloaded July 2018

<sup>21</sup> Geoffrey Rivett, *National Health Service History*

<sup>22</sup> NHS, *The NHS from 1948 to 1959*, downloaded August 2018

<sup>23</sup> NHS Direct Wales, *Vaccinations*, downloaded August 2018

<sup>24</sup> StatsWales, *Number of attendances in NHS Wales accident and emergency*, downloaded August 2018

<sup>25</sup> StatsWales, *Outpatient attendances*, downloaded August 2018

<sup>26</sup> Statistics for Wales, *Health trends in Wales*, March 2011

## How the finance function has changed

The role and experience of the finance professional has also seen significant change as the NHS in Wales has evolved. In the past, the focus was on traditional transaction processing, compliance and financial reporting.

Today, particularly brought about by the impact of technology and the use of shared services, finance officers are spending less time on processing data and more time on explaining what it means and its implications.

Finance staff are often seen as the key link across an organisation and driver of change programmes. There is an increasing focus on risk management strategies, longer term planning and working with other departments and organisations. Although individuals can still be spending a large amount of time reworking spreadsheets to analyse data, technological developments provide the opportunity to quickly collate and organise this.

Examples of technological developments seen within health boards include:

- Biometric self-serve cabinets that automatically reorder stock and take instant stock takes
- Software for weekly intelligence dashboards reducing creation time from about half a day to 15 minutes
- The use of robotics process automation to reduce certain processes from hours to minutes<sup>27</sup>.

For those entering the profession today, experiences are very different to their counterparts of 70 years ago – including both the range of roles and where these are carried out. Finance trainees interviewed described how they joined the NHS because they wanted to make a difference but no longer expect this to be ‘a job for life’. Placing high value on the development of teams in Wales, their training programme includes time in a range of services, including secondments and increasingly shadowing, reflecting the need to understand and influence the whole system and not just each of the component parts.

Working closely with front-line staff, in such roles as the finance business partner, they feel able to make a positive impact. The trainees see the key skills today as team working, adaptability, communication and resilience<sup>27</sup>. With an emerging awareness to be able to see across pathways of care, the partnership agenda and use of business intelligence to drive value are essential elements of the finance role.

As set out in the HFMA policy statement, *The role of the NHS chief finance officer*: ‘The chief finance officer is at the heart of an organisations management structure and plays a key role in both leadership and decision-making.’<sup>28</sup>

For all finance officers, this leads to the need for a new blend of technical, business and behavioural skills. The increasing use of the business partner role is reflective of how the finance professional has a key role as a trusted business adviser.

In Wales, Alan Brace, the Welsh Government’s health and social services group finance director, echoes the need for these different skills in the finance professional of the future to ‘be a business partner and work with others to drive better outcomes for patients’<sup>29</sup>.

Going forward, the health and care system needs to support the changing needs of society and replicate their adoption of technology such as smart phones, social media and wearable technologies. Finance teams have a key role in its investment and adoption. Changing working practices within the population, such as remote working and a greater demand for flexibility, will also have an impact on the NHS finance function.

We explore how finance can help overcome the current challenges later in the paper.

<sup>27</sup> Interviews with NHS Wales trainees were undertaken about their experiences of working in finance.

<sup>28</sup> HFMA, *The role of the NHS chief finance officer*, November 2017

<sup>29</sup> *Healthcare Finance, The power of four*, September 2018



# Celebrating success

Healthcare advancements in the past 70 years have been fundamental, impacting on both what an individual can expect in terms of treatment and how it is delivered. This leads to an ongoing need and drive for continuous improvement. Within the finance community, there are several examples in which the NHS in Wales is leading the way. These include:

## Value-based healthcare

The policy direction set by Welsh Government – demonstrated by the endorsement of prudent healthcare in 2015 and legislation such as the *Wellbeing of Future Generations Act (Wales) 2015*<sup>12</sup> – with a clear expectation that public services must work together to achieve better outcomes for future populations. With value-based healthcare being about maximising the outcomes that matter to people most and doing this at the lowest cost across the whole care cycle, it is being recognised as an integral tool to the approach in Wales. The HFMA's *An introduction and background to value in healthcare*<sup>30</sup> provides further detail on the principles of value-based healthcare.

Wales is applying the four themes of the quadruple aim to deliver value-based healthcare as follows:

- Developing population health and wellbeing
- Increasing the quality of services
- Producing high-value, lower cost health and social care
- Developing a motivated and sustainable health and social care workforce<sup>29</sup>.

As Alan Brace comments: 'We must ask: how do we allocate people and finance resources? And how do we allocate to get the best outcomes?... Our approach will use internationally validated data to benchmark both outcomes and costs.'<sup>29</sup>

Sally Lewis, national clinical lead for value-based and prudent healthcare in Wales, says the key is to see the population as the starting point for how you address need, rather than service being the driver of what is provided. The benefit of this focus on the patient and drive for value are seen in **case study 1** looking at how allocative value is used by Aneurin Bevan University Board in its care of people living with chronic obstructive pulmonary disease. It shows how value can bring people together, echoing Professor Porter's point that 'value is the only goal that can unite the interest of all system participants.'<sup>31</sup>

The approach in Wales has attracted increasing international interest - with Wales working closely with the International Consortium for Health Outcomes to develop and focus

on outcome measures and requests to speak at events, including at the World Health Organisation in Vancouver. The development of value-based healthcare does take time and commitment – there are good pockets of development in Wales with the ambition to scale this up across the country.

## NHS Wales Finance Academy

Founded in 2012, the NHS Wales finance academy, hosted by NHS Wales, is the collaboration of every health board and trust in Wales with the collective ambition to create a finance function that is best suited to Wales but comparable to the best anywhere. It is overseen by a finance academy board comprising every finance director in NHS Wales, HFMA Wales branch chair and the four accounting bodies, chaired by the professional lead for NHS Wales finance in the Welsh Government and delivery enabled through an appointed director and small programme team.

The finance academy places the encouragement and expectation that all staff working in NHS Wales finance will work together to improve their individual practice and the financial practice generally within organisations in a safe environment, to try out new ways of working and share the best of what they've learned for mainstream adoption.

The work programme has four key themes: developing our people; innovation and adding value; working in partnership and driving excellence. The programme has a lot to celebrate as well as opportunities for improvement. Key features include:

- A talent pipeline for future financial leadership from apprentice/trainee to finance director
- Developing national approaches to improving the use of national financial systems in collaboration with procurement and workforce staff
- Driving value-based healthcare that is application trialled and applied across several systems/services across the country
- Seeking/sharing best practice in adjacent markets and international healthcare organisations.

The finance academy attracted interest from Rolls Royce, seeking to learn from the NHS Wales experience as it set up its own finance academy. **Case study 2** sets out their experiences of partnership working.

## Shared information system

The informatics strategy for Wales has been founded on a 'once for Wales' principle, which requires organisations to adopt the rollout of national information systems that all link

<sup>30</sup> HFMA, *An introduction and background to value in healthcare*, June 2015

<sup>31</sup> Professor M Porter, Harvard Business School, *Value-based mental health care delivery*, February 2012

to the single Welsh Clinical Portal. This architecture enables all patient information to be connected through one system, which will ultimately enable a single patient record, accessible by clinicians around Wales from primary, community and secondary care through a single log-on, and enable familiarity of use for clinicians who work across multiple organisations and sites. This single portal will enable the connection of data to better plan patient care at an individual and national level and is a major plank in the national planning and delivery structure for NHS Wales.

One key element of patient information that has historically remained uncollected in a common way is community services, being historically a mix of local platforms or even paper-based within the NHS. Local authorities were more advanced in electronic recording of client records but have all been working off different systems and not necessarily collecting information

in the same way. In order to facilitate the Welsh Government strategy for closer working between health and social care and facilitate joint working at an operational level, the need was identified to join up patient information.

With this in mind, the Welsh local authorities and NHS Wales have been working together to develop a single IT system, connected to the Welsh Clinical Portal, to support information sharing, case management and workflow between organisations. This means professionals are able to access all patient information they need within the boundaries of information governance requirements, meaning patients will not have to keep repeating their details and professionals will be able to provide better care. To date, the Welsh Community Care Information System is being used by 14 organisations in Wales. What it is, how it works and the impact on patients and staff are explored in **case study 3**.

## Case study 1: Exploring allocative value at Aneurin Bevan University Health Board

### What is it?

Allocative value is based on the principle of ensuring resources are allocated to different groups equitably and in a way that maximises value for the whole population. It gives clinicians and patients the power to influence the distribution of resources to get the best value. Within the backdrop of the development of value-based healthcare in Wales, Aneurin Bevan University Health Board looked at how the implementation of a value-based approach could inform resource allocation and service design across a whole system for a population with chronic obstructive pulmonary disease (COPD) and asthma. Comparative data highlighted a number of issues, such as higher costs, higher admission rates and unwarranted variation in prescribing. A collaboration of respiratory physicians, general practitioners, pharmacists, patients, third sector and finance colleagues came together to examine the available information on costs and outcomes and to identify in detail the underlying contributory factors. This then formed the basis of a strategy for improving value i.e. outcomes per pound spent for the local population.

### What are the key benefits?

All participants quickly became unified in their desire to rebalance the system by disinvesting in interventions that were not improving outcomes and investing in high-value interventions – in this case pulmonary rehabilitation. The prospect of influencing how resources could be reallocated for the benefit of patients motivated all participants and was a major factor in the success of the project. The results indicate both a reduction in overall spend on respiratory drugs and improved outcomes.

### What are the key challenges?

Budget holder silos were an initial challenge. The team found that budget holders in each sector were cautious about implementing change without an incentive to support their action. No acute budget cuts were made and the incentive, in the form of investment in a better value community service, supported cost improvement across the disease programme.

### What lessons can be learnt?

Dr Lewis, national clinical lead for value-based and prudent healthcare in Wales, identified the key lessons as:

- The need for full support from the board
- The use of good-quality data and evidence
- The ability for the value-based approach to problem-solving to quickly unify all team members around a common purpose
- The importance of the finance role to assess notional programme budgets and support the development of business cases for overall organisational value improvement.

### Next steps?

The next phase of the programme is to start to systematically measure patient reported outcome measures so that true performance in this area can be assessed.



## Case study 2: NHS Wales Finance Academy – partnership working with Rolls Royce

### What is it?

In summer 2017, Rolls Royce approached the NHS Wales finance academy as part of its research into setting up its own finance academy. Senior leaders within Rolls Royce were invited to attend the November finance academy board meeting, where they observed how the delivery of the academy's programme had visible leadership and commitment from the finance directors of every part of NHS Wales.

As part of their two-day visit, they were invited to meet the chair, programme sponsors and a cross-section of finance staff working in NHS Wales to openly share how the finance academy worked, its priorities and what it meant to staff working in NHS Wales. In return, Rolls Royce gave a masterclass to the finance directors and their senior teams on their approach to driving a high-performing culture, bringing to life how their approach has driven improvements through day-to-day practice throughout the organisation.

The finance academy were struck particularly by how they placed emphasis on values such as the importance of casting a 'leadership shadow', showing appreciation and staying curious to drive improvements across the organisation.

In April 2018, Rolls Royce launched its own finance academy at its annual continuing professional development conference, broadcast live around their various sites across the world. Rebecca Richards, director of the NHS Wales Finance Academy, was invited to present the keynote address, sharing the NHS Wales Finance Academy approach and setting out what staff working in Rolls Royce finance should expect from their own. She challenged them to "own it, shape it, use it and celebrate it" – a quote that has been used several times by Rolls Royce since its launch.

As part of the visit to Derby, the director took the five aspiring finance directors within the talent pipeline programme to participate in the Rolls Royce learning events during their launch week and meet with several senior finance leaders and the chief engineer of Rolls Royce, to compare and contrast with the challenges for the finance professional in the NHS.

### What are the key benefits?

- The opportunity to compare the NHS Wales finance academy approach with those operating in adjacent markets. The finance academy has already participated in and benefited from a benchmarking exercise compiled by Rolls Royce with other private sector organisations operating a finance academy. A roundtable of sharing and learning across the leads from several organisations is planned for November 2018.
- The identification of similarities of challenges irrespective of sector that present an opportunity to collaboratively learn together. During the visits one discovery was that an engineer has a similar role in influencing cost as a clinician and the importance for finance to develop critical relationships with them.
- The opportunity to adopt the best of each other's approaches. The NHS Wales finance academy has adopted a version of the Rolls Royce 'High Five' with its own version of 'diolch', showing appreciation for a job well done.

### What are the key challenges?

Building a relationship with another sector hasn't posed significant challenges albeit it has identified the need for time to learn about each other's sectors and an element of "translation" to find the common language and terminology.

### What lessons can be learnt?

- Although the NHS is unique, there are a lot of transferable issues and learning from adjacent markets.
- Perspectives on your own organisation can be enhanced and opportunities for improvement identified through looking at it from the perspective of another.

### Next steps?

The two finance academies have agreed to maintain the relationship, to share and learn as each finance academy continues to grow, and continue to share the learning generated from each of their various programmes of development.



### Case study 3: Welsh community care information system (WCCIS)

#### What is it?

WCCIS is a single national integrated information system that makes it possible for information to be shared securely between health and social care services.

The procurement of the system has been a long-term project. A joint board was set up in 2011 and remains in place. A local authority hosts the system and at present 14 out of 28 organisations use the system with over 10,000 users, expected to increase to a target of 35,000.

#### What are the key benefits?

Key benefits include safe and timely access to comprehensive citizen information. As a result:

- Citizens no longer have to repeat information, they have better joined up care and their data is kept safe and secure.
- Practitioners are able to improve care co-ordination and multidisciplinary working, have immediate access to the timeline of events, reduce time chasing information and are able to read notes more easily.
- Organisations are able to improve service planning and evaluation. As an example, for one patient there were 18 teams, 13 sets of records and 11 sites involved in care - making the effective sharing of information nearly impossible. The switch to WCCIS was transformational, with 16 of the teams having immediate access to records and interfaces for the remaining teams set to follow.

#### What are the key challenges?

The key challenge is winning the hearts and minds of those reluctant to change existing systems. With 22 sovereign bodies and seven health boards, there have been a large number of people involved coming from differing starting points and with different expectations. It has been a challenge to get people to understand that this is a whole business change rather than a new IT system.

#### What lessons can be learnt?

Carol Shillabeer, chief executive of Powys Teaching Health Board, has learnt that the following are needed for it to work well:

- Common vision – clarity on why it is important, particularly to clinical care
- Political support and funding – capital and revenue
- Resilience – it is a long-term cultural shift
- Influencers – champions within the workforce to help manage, tackle and persuade peers
- Agility – incremental implementation and a pragmatic approach is needed to progress.

#### Next steps?

As a key enabler in delivering the seamless service aim for Wales, next steps for WCCIS are to increase the pace of roll out and to launch a mobile application.



# Challenges for the NHS in Wales

## Challenges in health and social care

In common with the rest of the UK, the context in which the NHS in Wales operates has changed dramatically since 1948. The HFMA publication *Looking ahead: the NHS at 100* briefing<sup>32</sup> explores the key challenges for the financial future of health and social care: demographic change; the changing role of the state, society and the individual; and development of technology. Existing performance measures<sup>33</sup>, providing a barometer of how the service is coping, depict a service under severe operational and financial pressure.

The burden on the local NHS is illustrated in Tredegar – the birthplace of the NHS – which is described as an ‘area of high levels of deprivation, unhealthy lifestyles and associated ill health’, with ‘major concern within Tredegar with regard to general practitioner sustainability’<sup>34</sup>. Along with the changing expectations of the population and workforce, transformational change is vital to ensure the NHS in Wales is fit for purpose.

## The plan for health and social care in Wales

An independent parliamentary review into health and social care, was established to explore these challenges. The review, *A revolution from within: transforming health and care in Wales*, published in January 2018, poses the question: ‘If the case for change was so compelling, why hasn’t it compelled?’<sup>35</sup>.

Alan Brace comments: ‘The review concluded this wasn’t a problem of strategy, policy or direction – the real issue was about execution’<sup>29</sup>. The review considers the key challenges that the NHS may face over the coming years and examines options for the way forward, recognising ‘this will not be easy, nor is it a short-term task – it is a significant test of leadership in Wales at a national, regional and local level’<sup>35</sup>.

The Welsh Government published its response this June, *A healthier Wales: our plan for health and social care*<sup>36</sup>. Described as a ‘wellness system’, its ambition is to provide a seamless whole system approach to health and social care, designed around the needs and preferences of individuals. It sets out the following key enablers in achieving this:

- National transformation programme: to provide targeted funding and resources to accelerate progress, scale up innovation and demonstrate early impact, including through

## Comparison with targets of 95%

- **83.2% of patients spent < 4 hours in emergency care facilities from arrival to admission, transfer or discharge (June 2018)**
- **87.4% of patients spend < 26 weeks from referral to treatment (May 2018)**
- **84% newly diagnosed with cancer via the urgent suspected cancer route started treatment within 62 days (May 2018)**<sup>33</sup>

a £100m transformation fund and £68m capital investment in new health and care centres.

- National executive function: this new function aims to speed up decision-making and make the system more responsive to national priorities including a shared planning approach at national, regional and local levels supported by levers for change and quality statements.
- Design principles: introducing 10 national design principles (see **table 1** overleaf) to help the public and staff understand how the quadruple aim and wider philosophy of prudent healthcare can be applied to drive change.
- National plan: a national plan for the NHS will be developed, bringing together all NHS Health Board and Trust Integrated Medium Term Plans (IMTP) to produce a national picture.
- Integrated outcomes framework: by 2020 to integrate the existing outcome frameworks (NHS, social services and public health) and move to joint monitoring and inspection.

It is pleasing to note the longer term thinking and transformative aims of the plan. There is a positive framework for this vital transformation in Wales. Along with the plan for health and social care, the Welsh Government has set out a strong intent for patient-centric improvement with recent legislation and *Prosperity for all: the national strategy*<sup>37</sup>. All Wales groups are in place across both finance and medical fields, allowing for a ‘one Wales’ integrated response at pace. However, in Wales the challenge remains to turn this ambition into reality and the challenges faced by the NHS will only be overcome alongside ensuring a sustainable social care sector.

<sup>32</sup> HFMA, *Looking ahead: the NHS at 100* briefing, July 2018

<sup>33</sup> Welsh Government, *NHS Activity and Performance: July/August*, September 2018

<sup>34</sup> Blaenau Gwent County Borough Council, *Tredegar health and well-being unit*, October 2017

<sup>35</sup> The Parliamentary Review of Health and Social Care in Wales, *A Revolution from Within: Transforming Health and Care in Wales*, January 2018

<sup>36</sup> Welsh Government, *A Healthier Wales: our plan for health and social care*, June 2018

<sup>37</sup> Welsh Government, *Prosperity for all: the national strategy*, September 2017

**Table 1: National design principles**

**Prevention and early intervention** – acting to enable and encourage good health and wellbeing throughout life; anticipating and predicting poor health and wellbeing

**Safety** – not only healthcare that does no harm, but enabling people to live safely within families and communities, safeguarding people from becoming at risk of abuse, neglect or other kinds of harm

**Independence** – supporting people to manage their own health and wellbeing, be resilient and independent for longer, in their own homes and localities, including speeding up recovery after treatment and care, and supporting self-management of long term conditions

**Voice** – empowering people with the information and support they need to understand and to manage their health and wellbeing, to make decisions about care and treatment based on 'what matters' to them, and to contribute to improving our whole system approach to health and care; simple clear timely communication and co-ordinated engagement appropriate to age and level of understanding

**Personalised** – health and care services which are tailored to individual needs and preferences including in the language of their choice; precision medicine; involving people in decisions about their care and treatment; supporting people to manage their own care and outcomes

**Seamless** – services and information which are less complex and better co-ordinated for the individual; close professional integration, joint working, and information sharing between services and providers to avoid transitions between services which create uncertainty for the individual

**Higher value** – achieving better outcomes and a better experience for people at reduced cost; care and treatment which is designed to achieve 'what matters' and which is delivered by the right person at the right time; less variation and no harm

**Evidence driven** – using research, knowledge and information to understand what works; learning from and working with others; using innovation and improvement to develop and evaluate better tools and ways of working

**Scalable** – ensuring that good practice scales up from local to regional and national level, and out to other teams and organisations

**Transformative** – ensuring that new ways of working are affordable and sustainable, that they change and replace existing approaches, rather than add an extra permanent service layer to what we do now

Source: *A Healthier Wales: Our plan for health and social care*<sup>36</sup>

# The NHS finance function – looking forward

Finance staff clearly have a key role to play in supporting the ambition of a seamless whole system approach. Working with a scarcity of resources, its role in ensuring the best use of these resources is crucial. In delivering the vision, the finance professional can bring together different system groups, tell an evidence-based story to inform decision-making, support aligned planning and be a trusted adviser.

## Relationships

Strong relationships and partnership working are key to delivering the ambitions for health and social care. Involving all stakeholders, such as clinicians, patients and local authorities, is critical to success and this requires a significant cultural change. Finance can bridge relationships between groups, particularly focusing on value and ensuring that this is not misunderstood as cost cutting. By getting communications right, trust and engagement can follow.

As set out in *A healthier Wales: our plan for health and social care*<sup>36</sup>, area plans and joint commissioning strategies will be central to the partnership agenda and the IMTP process will be strengthened. Finance will play a key role in meeting the expectation that these plans are developed in close liaison with key partners and for them to be complementary and aligned.

## Information

Statistical skills and analytics are an increasingly key element of the finance role. For example, they can be used to turn large quantities of data into timely and easily accessible information for clinicians and decision makers; used to develop business cases and investment proposals; interpret performance data; and develop and monitor intelligent targets. Finance will need to ensure data is stored securely, used appropriately and that people understand how it will be analysed and for what purpose.<sup>38</sup>

<sup>38</sup> HFMA, *The General Data Protection Regulations*, March 2018

The following actions included in *A healthier Wales: our plan for health and social care*<sup>36</sup> will require support from finance professionals:

- Forecasting: development of new tools to forecast flows in and out of hospitals so that they can match resources to need throughout the week and throughout the year
- Evidence-based learning: use research, knowledge and information to understand what works
- Evaluation: adopt national standards for rapid evaluation of all innovation and improvement activity, using a value-based approach to measure quality and outcomes and robust evaluation of the time limited transformation fund investment to understand how it works to inform further investment
- Alignment: alignment of existing funding streams, supporting service improvement, integration and transformation round the transformation programme
- Pooled budgets: implementation of pooled funding arrangements between the NHS and social services to emphasise a seamless health and social care system and to increase value by aligning these funding streams more closely around shared objectives
- Capital: undertake a review of capital and estates investment, to identify future need and the full range of assets that can be used to drive service change
- Tracking: develop a method of tracking how resources are allocated across the whole system including through new seamless models, integrated pathways and pooled budgeting arrangements, highlighting the shift to prevention.

## Driving good business decisions

Not only will finance staff need to be able to provide key information to decision-makers, they will be looked to for advice on actions needed. In accordance with the transformative design principle (**table 1**), finance staff can provide advice to ensure new ways of working are affordable and sustainable.

In some cases, it can be clear what the information is telling us, yet be difficult to act on. Finance professionals have a key role in providing objective advice such as how to allocate resources based on evidence or how to ensure ethical standards are complied with.

Rebecca Richards, director of the NHS Wales Finance Academy comments: 'We have many of the organisational ingredients in place in NHS Wales to better plan and improve patient care. We are already integrated, we have a government policy that calls for joined up working and an informatics system that will ultimately connect data in a way that has never before been possible. The finance function must now get really great at turning data into insight and be empowered to influence decisions that deliver improved patient outcomes at the best possible cost.'

As set out in the parliamentary review of health and social care: 'The newer discipline of behavioural finance may also become more important to understand the potential implications of financial decisions on the behaviour of both staff and population prior to implementation.'<sup>35</sup>

# Conclusion

From its Tredegar roots, the NHS landscape has seen significant change over the past 70 years. While longevity is something to celebrate, the growth in the number and proportion of those of a pensionable age increases pressure on all public services, including healthcare. 'We no longer live in the world which the NHS was originally designed for...treating people in hospitals when they are ill is only a small part of modern health and social care.'<sup>36</sup> The bold and visionary spirit of Bevan is again needed to ensure the NHS is fit for purpose for the next 70 years.

As the NHS in Wales develops so too does the role of the finance function, with recent examples of innovation in Wales

which should be celebrated. The ability to understand the full picture, analyse and interpret data and work with teams means that those joining the profession to make a difference have the opportunity to do just that. There is a clear 'one community' collaborative vision to drive the NHS in Wales forward.

With the ability to provide a broader evidence-based view and encourage a culture of continual learning, the finance professional can provide invaluable support for decisions that need to be made. Challenging and rewarding, the finance role is critical in the journey of the NHS in Wales for the next 70 years.

<sup>39</sup> HFMA, *Ethical standards: roles and responsibilities of the NHS accountant*, April 2018



## About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For more than 60 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has a particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

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HEA.FIN.067 03/17

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