



Case studies from the HFMA governance award 2018



Introduction

The HFMA's National Healthcare Finance Awards attract entries from across the NHS, showcasing good practice and demonstrating ways of working that have proved particularly effective. For the Governance award category, entries are made by those that have introduced a change (big or small) to their assurance, risk management or governance arrangements in order that it is better able to achieve its objectives. The aim of the award is to promote a strong, integrated and effective approach to governance.

This briefing looks at the shortlisted entries of the 2018 Governance Award and examines the key areas where the teams have demonstrated good practice and exemplified the HFMA's president's 2018 theme, Brighter Together.

Brighter Together

The four shortlisted entries for the 2018 Governance Award provide a range of examples of good practice. However, a common thread running throughout each entry was the way in which the HFMA's president's 2018 theme of Brighter Together has been embraced.

The Brighter Together theme highlighted that often professions, teams and organisations can seem to be pitted against one another, rather than working together to achieve a common goal. Throughout 2018, the HFMA worked to support its members to look beyond their immediate colleagues and collaborate with those in both their wider organisation and their local health and care economy; while learning from others both nationally and internationally.

The shortlisted entries have shown how this approach can enable significant improvement and change that leads to better outcomes for the organisation and the population that it supports. The entries have not only demonstrated collaborative working across their organisation, including clinicians, other support functions and the executive team; but also, broader collaborations with other local bodies across health, social care and the wider economy that serves the same population. Sharing these approaches nationally through involvement in various groups, presenting at events and contributing to publications such as this, enables the Brighter Together theme to be perpetuated, allowing the approach to continue to thrive and support both the HFMA's members and the wider health and care economy.

Assurance across boundaries: internal audit in a group model – Northern Care Alliance NHS Group and MIAA

Governance award winners, Northern Care Alliance NHS Group (the Group) and MIAA demonstrated the importance of flexibility, thinking differently, working in partnership, and engaging with both internal and external stakeholders as they fundamentally changed the structure of organisations and their governance arrangements.

In November 2017 the Northern Care Alliance NHS Group was launched, bringing together the five local hospitals of Pennine Acute Hospitals NHS Trust and Salford Royal NHS Foundation Trust to form four care organisations (COs). The hospitals are not only responsible for providing healthcare services to local communities, they also play a much broader role in each locality including closer working with local authorities to improve care. While under the same management arrangements, Pennine Acute Hospitals NHS Trust and Salford Royal NHS Foundation Trust continue to exist as two separate statutory organisations.

The Group audit committee set out the key governance challenges posed by the new model as:

- ensuring consistent focus on assurance and risk
- understanding what responsibilities sit where
- deploying resources differently and collecting intelligence in new ways.

The formation of the Group required new governance arrangements to ensure that risk management and assurance were robust and supported the vision of integrated assurance across boundaries. The new arrangements needed to meet the requirements of the Group and its two statutory bodies.

MIAA, as the internal audit service provider for both statutory bodies, had been a trusted advisor to the Alliance on its journey to form a group model. Supporting the vision of integrated assurance, this required a review of organisational structures, governance frameworks and the risk management approach to ensure they were robust and supported the requirements of the group model. This has involved the alignment of internal audit plans; a comprehensive review of risk registers; facilitated non-executive director sessions; and discussions with chief officers, audit committee members and the directors of finance to form the 2018/19 internal audit plan. The plan demonstrates a step change towards the vision of integrated assurance.

The Alliance has successfully developed an integrated assurance approach at Group and CO level while continuing to meet the assurance requirements of the statutory organisations which form the Group. Comprehensive risk assessments have been completed at Group and CO level to develop an integrated Group internal audit plan for 2018/19 a clear reporting and dashboard approach has been developed and there has been an increased sharing of good practice and areas for focus across COs.

Key to the success of these changes was ensuring that the assurance process encouraged the spread of best practice across organisational boundaries to improve the outcomes for patients and ensure cross Group learning. As John Willis, non-executive director and deputy chair of the Alliance commented, 'A key ambition of Group is to drive improvements through a standard operating model deployed at scale. The audit committee is now well positioned to align to that agenda'.

Accounts payable team - Chelsea and Westminster Hospital NHS Foundation Trust

At Chelsea and Westminster Hospital NHS Foundation Trust an in-house accounts payable (AP) team has improved the performance, quality and controls it has over its expenditure.

The establishment of an insourced AP team has been part of significant change for the Trust over the past two years with the merger of two trusts, the insourcing of its shared service transaction provision and a finance department re-organisation. The team was formed from existing members of a legacy AP team, plus new members of staff and a new AP manager who has led the team to become a centre of excellence.

Following the insourcing of AP the Trust has improved the control framework surrounding payments and pursued a 'no purchase order (PO) no pay' process, ensuring that all new spend is subject to procurement and formal controls. It allows clear visibility and accountability for spend, by ensuring spend has been approved and that the Trust has sought out the best price for a good or service. The improved control environment has also included a number of new controls ahead of payment runs, such as using software to scan for duplicates or fraudulent invoices.

As well as tightening the front-end controls, the Trust has implemented improved management information allowing the finance teams to risk assess suppliers, as well as review post spend and identify weaknesses which can be improved.

The AP team has reduced in size from 13 to six and has significantly reduced the number of invoices on the system, saving the Trust over £200k per annum. It has also moved from approximately 50% of invoices paid through POs to over 90%, reduced supplier payment disputes to almost none and stopped potentially 200 duplicate/ fraudulent invoices before they were paid.

Key to the success of these changes has been a recognition that financial transactions cannot operate in a silo and that wider Trust engagement is required particularly on AP, which gave rise to the creation of an AP communication section. The AP communication section is responsible for ensuring that the AP processes and procedures are understood within the organisation. Their role promotes good governance and includes training responsible officials to ensure invoices are authorised promptly and appropriately and promoting the use of POs. A suite of reports has also been developed to help monitor adherence to processes and team performance.

Berkshire West Integrated Care System Joint Governance – Berkshire West Integrated Care System with PwC

Berkshire West Integrated Care System (ICS) is a first wave ICS involving NHS Berkshire West CCG, Royal Berkshire NHS Foundation Trust, Berkshire Healthcare NHS Foundation Trust and four GP alliances. The work that they have completed on establishing and auditing the governance arrangements will be of interest to other systems as they further their integration agendas.

New governance arrangements have been needed to support the ICS and its implementation of a new business environment and new care models. New arrangements have been designed to ensure decision-making remains within statutory and regulatory boundaries and does not require partners to act in a way which is contrary to their interests. The ICS is a voluntary collaboration of local health and social care organisations with no basis in law and therefore it has been important to establish robust and transparent governance arrangements to sit alongside those of individual statutory organisations.

The governance of the ICS, which sits beneath the three statutory organisations, was finalised and adopted in January 2018 following extensive internal consultation. There is a clearly established link between the individual organisations and the ICS via a leadership group which includes chief officers and chairs from each organisation. This is supported by a unified executive team, CFO group and clinical delivery group.

Following agreement regarding the governance structure, the ICS chief finance officers' group saw an opportunity to undertake a joint piece of internal audit work across the three main NHS partners with a view to providing assurance over the safe and effective governance of the ICS now and as it develops. The output from the audit, which was commissioned from PwC (internal auditor for two of the organisations) provides assurance for stakeholders regarding the current arrangements and provides the ICS and constituent organisations with a development plan for the year ahead.

Having robust governance arrangements in place has enabled the ICS to go further faster. For example, the decision to adopt a new payment mechanism for 2018/19 was made by building consensus through the system enabling a smooth and timely approval (of a technically complex proposal) by individual organisations. As well as providing assurance to the ICS members, and regulators, the audit work has been invaluable in the development of the ICS, identifying additional work that can be done to develop and strengthen governance.

Finance performance framework - Leeds Teaching Hospitals NHS Trust

At Leeds Teaching Hospitals NHS Trust, a survey of leaders in the Trust revealed that many did not believe that their financial plans were deliverable, as a result accountability had been eroded. To address this, a financial performance framework was introduced to improve the governance around the financial management of clinical service units (CSU) in the context of a challenging financial plan. The new financial performance framework provides clear guidance and sets expectations of CSU management teams about how they manage the finances within their services. The framework explains how the CSUs' financial performance will be measured, as well as explaining how they will be held accountable for their performance and the implications of their financial position.

The accountable officer within a CSU (the clinical director) is required to certify on a monthly basis that they will meet their control total and submit a forecast of how they are expecting to do this. The CSU management team must sign off this forecast which has been completed in line with the Trust's forecasting procedure to ensure it is robust. The CSUs are rated in line with their financial performance as either red, amber or green, based on performance against their control total. Regular meetings are held, depending on the status of a CSU, to ensure the financial position remains one of the CSU management team's top priorities.

The performance framework has enabled the finance team to create a standardised opportunity identification work package to support CSUs with a financial challenge. This includes intensive support from finance and PMO colleagues, standard guidance on how to identify waste reduction, along with information packs including business intelligence reports and benchmarking to signpost CSUs to areas that suggest improvement is possible. This has been well received by CSUs and has delivered significant financial improvements for those who have undertaken it. The engagement needed to go through this process would not have been possible without the framework structure driving and communicating the need for it.

The introduction of the framework has resulted in clear expectations of the management team's roles in managing the finances within their CSU resulting in an increased feeling of accountability and ownership by the management team. Clear guidance and processes around how the CSUs are performance managed has led to improvements in the reliability of reporting and forecasting which allows for greater financial control for the Trust as a whole. As an additional consequence, both the CSU management team and the clinical staff within a service have become significantly more engaged in the financial agenda as its profile has risen across the entire Trust.

In developing the new framework, Leeds Teaching Hospitals NHS Trust has demonstrated the importance of co-production with clinical and management colleagues in improving governance arrangements and assurance. This was also a key feature in their award winning submission for finance team of the year, demonstrating that a strong financial position is not down to one team or department but is a combination of the efforts of many. In the webinar, *Finance the Leeds way*¹, they share the changes they made that resulted in the trust moving from a deficit to making the largest surplus it has made in its 20-year history.

Conclusion

All the short-listed entries for the 2018 Governance Award demonstrated a strong, integrated and effective approach to governance. The Brighter Together theme runs through all the examples included in this briefing, particularly highlighting the importance of collaboration in developing new arrangements. The shortlisted entries also shared a number of other common ingredients of good governance including engagement, communication, transparency, clarity, sharing good practice and the importance of working closely with internal audit.

Once again, the entries for this award have shown just how important the finance profession is to ensuring good governance arrangements. As the NHS continues to change to meet the aspirations of the *NHS long-term plan*, the finance profession is in an excellent position to both support, and drive, the governance arrangements needed to ensure its success.

Further information

The organisations featured in this briefing are happy to be contacted for further information about their work. Contact details are included below:

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¹ HFMA, *Finance team of the year – Finance the Leeds way*, March 2019