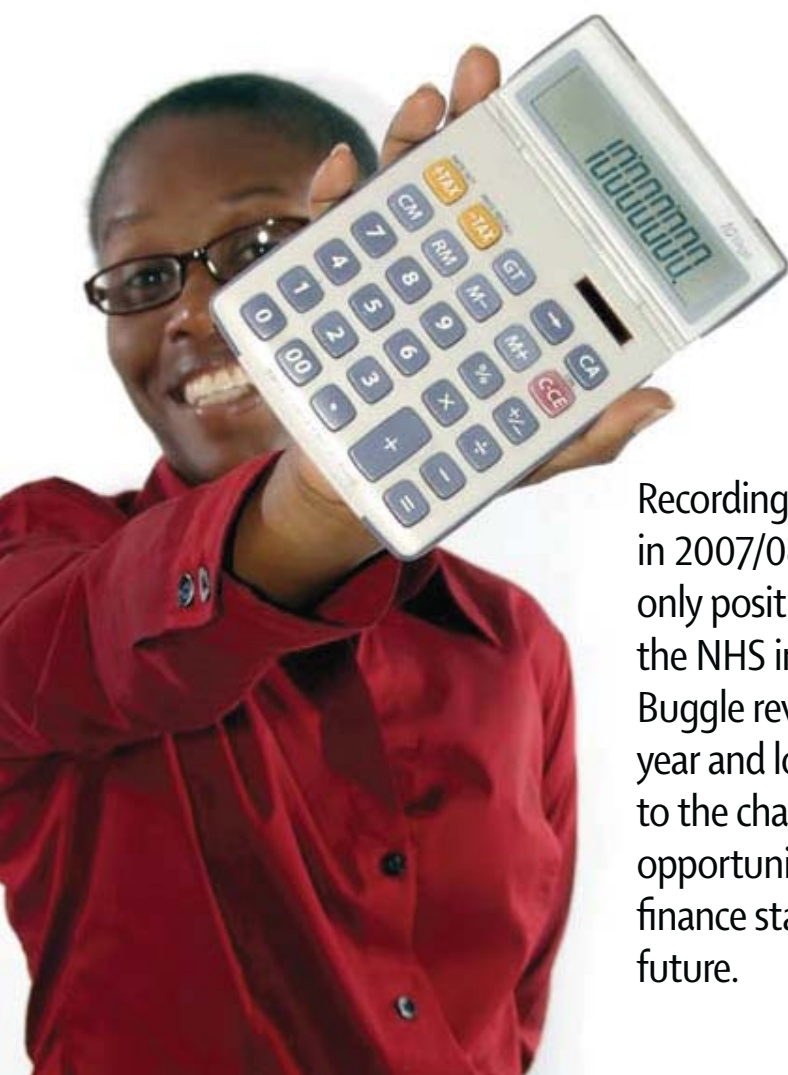


NHS Wales on an upward curve



Recording a surplus in 2007/08 is not the only positive news for the NHS in Wales. Jeff Buggle reviews the past year and looks forward to the challenges and opportunities facing finance staff in the future.

■ It is always pleasing for a Director of Finance to be the bearer of good news, and I am very pleased to report that the NHS in Wales has moved from a financial deficit of £26m in 2006/07, to an overall break even position for 2007/08.

This improvement is mirrored in the financial position of individual NHS organisations, with only three (out of the 36 organisations in NHS Wales) reporting deficits at the end of the last financial year, compared with 14 the previous year.

The wide variation in forecasts, which has attracted criticism of finance departments in the past, was not an issue during the last financial year, with all organisations providing accurate projections throughout the year.

To go from having a substantial deficit to a breakeven position is a tremendous achievement and is the result of close working between my team and the Service and the very hard work of finance teams across the NHS in Wales in engaging with clinical and management colleagues across the Service. This achievement is all the more remarkable coming at the same time as seven NHS trusts underwent a merger to create three new bodies from April 2008.

significant challenges

However, the future still holds significant challenges which we need to meet. First and foremost is the need to ensure organisations not only continue to achieve break even but also have robust underlying financial positions.

To assist in this, auditors from NHS organisations recently undertook a systematic assessment of financial management arrangements, using the public sector financial management assessment tool developed by

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CIPFA. The evidence-based questionnaire assessed whether robust arrangements were in place to manage finances. It did this by examining a range of issues, processes and capacity in the following areas:

- stewardship – control, probity, accountability and regulatory requirements
- supporting performance – by improving performance, efficiency, effectiveness and responsiveness to service users
- enabling transformation – being proactive in managing change and risk, being strategically positioned, having an ability to embrace new ideas and focus on outcomes.

The findings will provide a useful external perspective on where we are as a finance profession within the NHS in Wales and help to identify areas we need to develop.

new strategy

Another key component of the developments in Wales in the last year is the improvement in financial information. A Financial Information Strategy was published in 2005 to complement Designed for Life, the Welsh Assembly Government's vision for achieving a world class health service. The strategy focuses on the need to improve the quality of NHS financial information, so that it can be used more effectively to allocate funding and control financial flows within the Service.

A financial information strategy programme was established in 2007 to take this work forward. One of the first actions of the implementation team was to issue a standard costing methodology. A year on, this has had a significant impact on raising the quality and use of NHS costing information by the key clinical decision makers.

Their next challenge is to embed Service Line Reporting (SLR) as a key decision-making tool in NHS Wales. There is no national tariff in Wales; however, the potential benefits of improved clinical engagement and efficiency have not been lost on NHS Wales finance directors. They aim to have the SLR implemented in all organisations from April 2009.

There are also plans to use programme budget data in the NHS allocation formula. The formula is based on distributing funding to local health board areas pro rata to the reported health needs of the local population. Programme budget data will be used to weight each health condition. This enables comparisons to be made between actual and relative expenditure need and should help inform future service planning.

development framework

In the autumn we will launch the 'Finance Staff Development Framework', which has been developed by finance and organisational development colleagues who have a 'no limits' attitude to the potential contribution that finance can make to modernising patient care.

The Framework sets out the competencies required of finance professionals at different levels within departments and provides a range of development opportunities within the profession. It provides an opportunity to learn from best practice outside the health system but is very clearly focused on delivering results within the NHS in Wales.

The development framework is an important milestone because it marks a shift to a culture where continuous training and development will be mandatory for all staff at every level and role within the profession. Our intention is to build on our current strengths,

develop a strong, vibrant and valued finance profession within the NHS in Wales, and prepare the finance leaders of tomorrow.

While the recently announced reorganisation of the NHS in Wales creates many challenges, including short term risks to financial performance, it also presents opportunities to strengthen financial management arrangements and to build financial systems that support modern health services.

The first step towards this is to have a financial system that is fair, consistent and transparent, and one that rewards good performance. We also have to ensure that financial information is understood and used throughout the health system – by non executives, clinicians, stakeholders and finance staff alike.

We have already made progress in this area and delivered training and development events for non executive directors. These have been jointly run by the Wales Audit Office, HFMA and PwC. Feedback from these has been good and they have created a demand for new types of information at different levels within organisations.

important milestone

2007/08 was a significant milestone for the finance profession in NHS in Wales. We achieved a financial balance for the first time in many years and significant enhancements were made in the robustness and use of financial information to inform decision making. These are two fundamental achievements that will benefit patients and their families. Importantly, we have also developed a national framework, which will ensure that professional development is an integral part of every finance department's work, so that the impetus seen during the last year can be built upon.

The future will undoubtedly pose further challenges, but based on what the profession has achieved in the past twelve months I am confident it will rise to these challenges. ■

Jeff Buggle – Director of Resources Health & Social Services, Welsh Assembly Government