

Belfast Health and Social Care Trust

Introduction

This report summarises the findings of the work carried out by the team engaged by SPPG to review the financial governance processes as each of the acute and social care Trusts in Northern Ireland.

The review process was carried out using the Healthcare Financial Management Association (HFMA) Financial Sustainability Toolkit. The Trust was asked to self-assess itself against the criteria set out in the Toolkit, and this was used as the basis for enquiry when the team visited the Trust and met with members of the corporate management, divisional management and budget holders. The Trust has also provided a number of documents to support its self-assessment and to inform the team's own enquiry.

In addition to the eight areas covered by the Toolkit, the review also considered the presence of a number additional controls that could be expected to be in place in a well governed healthcare organisation. These are included in section titled Grip and Control, as a ninth area of review.

The review team visited the Trust on 27 June 2024 and were able to speak with a number of the individuals and teams we requested to meet on this day, others were met subsequent to the visit or were not available. All those who met with us are listed in Appendix A. The review team would like to thank the Trust for accommodating their requests and to all the individuals who made themselves available to meet us.

Executive Summary and Recommendations

The Trust has in place a financial plan and accompanying savings plan, that has been subject to Executive and Board scrutiny. The budgets are signed off by Divisions and take account of agreed developments and unavoidable cost pressures. Performance monitoring processes are in place at Divisional level supported by finance business partners, with concise financial reporting to the Board of Directors. Savings plans are subject to additional rigour and are overseen by the Delivering Value Board every other month. There is culture of good financial management at Divisional management level, and enhancements have been made to the training development needs of all staff with budget responsibilities. Control mechanisms are in place and have been strengthened post Covid.

The Trust could strengthen and improve its approach to financial governance even further by considering the following measures:

- Ensure that Trust financial plan and associated budgets are signed off before the financial year commences, even if assumptions have to be made about outstanding System resources
- Build on the work carried out to develop longer term financial recovery measures, to develop a longer-term financial plan covering more than one financial year
- Test how embedded the understanding of the financial challenges are across the Trust and take steps to clearly reinforce the key messages
- Re-instate the bi-annual Divisional review process
- Enhance the reporting of the financial forecast beyond a headline figure, to help develop a fuller understanding of financial risks and mitigation
- Strengthen the process for developing and implementing savings plans e.g. monthly rather than bi-monthly holding to account and programme management principles

- Increase clinical engagement in the savings programme, particularly senior medical leadership which could be leveraged from the success of engaging clinicians in Encompass
- Put in place a Finance and Performance Board sub-committee, which will be able to scrutinise financial performance in more detail than is possible in a busy Board meeting
- Strengthen the control processes on medical locum and agency costs, which will require senior clinical leadership, the production of consistent management information and adherence to processes across the Trust

The following sections provide more detail against each of the key lines of enquiry from the Sustainability Toolkit.

Business and Financial Planning

- Despite the challenges presented post Covid, the Trust has continued to develop an annual financial plan.
- The Trust would like to improve the triangulation between financial, workforce and operational plans, and see Encompass and Patient Level Costing as enablers for this
- The Executive team have a twice annual review process in place with divisions to track progress with delivery, however these have been deferred this year until September so as not to conflict with Encompass go live
- Whilst financial planning starts in good time for each coming financial year, due to the overall System timetable the financial plan and associated budgets are usually not signed off until after the financial year and associated expenditure has already commenced.
- At present financial planning is carried out on a year-by-year basis, rather than taking place over a multi-year period

Budget Setting

- The overall Trust budget ties back to position declared to SPPG. The Trust sets divisional budgets following a process of review to identify unavoidable cost pressures and funded developments. Whilst this provides divisional teams and individual budget holders with realistic budgets, there is risk that a material overall cost pressure is held centrally which is not owned by the divisions
- The exception to the above budget methodology is a 2% workforce savings target. This is effectively an expectation that savings will be made against budget due to vacancies etc... This “negative” budget is held at divisional level, so is not visible to budget holders. 2% is at the upper end of the range of what is reasonable for a vacancy factor given most front-line posts are likely to be filled by bank or agency staff. As such the target will require careful tracking to ensure it is delivered
- The finance team prepare an annual budget pack and each division/director is required to sign off their budget for the year. Individual budget holders do not currently sign off their budgets.

Budget reporting and Monitoring

- There is a clear month end close down process in place which is rigorously adhered to

- Divisions spoke positively of the responsiveness and support they receive from their finance business partners
- There was evidence of processes within divisional management teams to monitor performance against budget and ensure appropriate mitigating actions are taken when necessary
- Finance Focus meetings have been re-established, allowing members of the Executive to review the financial position and actions with each division.
- The current financial systems do not allow easy production of divisional run rate reports, and much supplementary analysis of financial performance is carried out outside the main system using spreadsheets. Similarly the reports produced by the main financial systems could be more user friendly to front line staff

Forecasting

- The financial forecast is updated on regular basis and whilst prepared by the finance team, key assumptions are validated corporately.
- The financial forecast is formally presented to the Board in headline, and discussed as evidenced through Board minutes. There would be benefit in demonstrating the robustness of the forecast with more detail at cost category or divisional level and formally report the forecast to the Board
- Similarly, given the risks and uncertainties in the forecasting process there could be merit in adopting a scenario (e.g. best, worst, likely) based forecast to help communicate the risks and their potential mitigations

Cost improvement/efficiency plans

- In year savings plans have mainly been developed by the Trust's Delivering Value processes with a focus on top down or cross-cutting schemes
- The in year savings programme is focussed on cost control or restricting supply or demand rather than service redesign and transformation
- The Delivering Value Board meets monthly, with alternate months focussing on developing/delivering the savings programme and productivity improvement.
- The Trusts self assessment acknowledges that there is not currently a separate system of programme management for delivering savings, which can be a useful mechanism to help unblock progress and ensure corporate schemes allocated to divisions are fully delivered, especially with bi-monthly Delivering Value Board focus.
- Individuals gave examples of where clinical staff had previously been engaged in developing and delivering efficiency programmes, however a number also expressed the need for greater clinical involvement going forward, particularly medical leadership to drive international recruitment initiatives and improvements in medical pay costs

Board Reporting

- Evidence exists that the Board have been briefed on the content and implications of the financial plan submitted to SPPG
- The Board finance report is concise and sets out the overall position and drivers of financial performance, but see potential improvements in forecast section

Financial Governance framework

- Evidence that a framework of financial governance is in place which is understood and used by managers and divisions
- Evidence of regular discussion of financial issues at Executive meetings including financial planning and revenue consequences of capital expenditure
- Financial risk, controls and mitigation are explicitly captured in the Board Assurance Framework
- The Trust does not have a formal finance and performance subcommittee of the Trust Board, which is a potential gap in governance framework

Culture, Training and Development

- Whilst there was consistency of understanding of the need for financial prudence and the importance of financial management from the top team, there were some inconsistencies in individual understanding of the overall financial position and the savings target across the Trust.
- All staff with the ability to authorise expenditure have been mandated to undertake the HFMA financial management bite size training for budgetary control and procurement, and sign off to confirm their understanding of the Trust Standing Financial Instructions

Grip and Control

- A business case process is in place. Steps are being taken to reassert the consistent use of this process post Covid.
- There is a process in place to scrutinise all high cost social care placements for value for money
- The Trust has in place a vacancy control mechanism with Scrutiny Panel review for all new posts once every month
- The Trust recognises that control of medical staff agency and locum costs could be strengthened. This is only likely to be achieved with strong clinical leadership and availability of consistent information on the demand and supply of locum and agency doctors.
- The process for signing off the use of agency nurses includes review by senior nurses and includes prospective review of establishment at ward level. However, the significant use of unqualified nurse agency workers was observed, which is unusual compared with providers outside of Northern Ireland
- Some of those interviewed commented on the burdensome nature of some of the financial control measures that are in place. Whilst this does not necessarily mean that the controls are in appropriate, it might provide an opportunity to test their effectiveness and that their design remains appropriate

Conclusion

The Trust has a well established and embedded system of financial governance which covers all the main areas of the review. The team noted an established business planning and budget setting process and a performance management approach that is combined with a good culture in relation

to financial management. Whilst the basic systems are relatively sound there are some improvements that could be made to enhance the financial robustness of the organisation. In particular there could be some developments to enhance ownership and accountability within the Trust together with greater focus on the longer term which may enhance the organisation's financial governance.