

Financial Strategy

2023 - 2026





Foreword

I am pleased to introduce you to our Financial Strategy which sets out our strategic direction for the next three years, that will deliver our Continuous Improvement strategic objective:

to maximise our potential to improve and deliver best value

*As the NHS is tax-payer funded, we all have a responsibility to ensure we deliver best value for money services, therefore, **our Financial Strategy is everyone's business**. The Trust must continuously review and improve the way it uses its resources so that we can maximise the benefits to our patients for every pound that we spend. Our Financial Strategy will support the long term financial sustainability of our services and enable us to plan for the investment we need to deliver our strategic priorities. This will be achieved through the four elements of the strategy, which focus on the roles and responsibilities of the wider Trust, the finance function, and working with partners. This strategy will set out how the Trust, working with its system partners, will address the current financial gap to support the delivery of high quality, sustainable care for the population.*

Mark Chidgey
Chief Finance Officer

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Introduction

Our journey to maximise our potential to improve and deliver best value

Our strategic development journey culminates with the launch of the **Financial Strategy**, as the final of eight enabling strategies. This strategy underpins and supports the delivery of all previous strategies developed over the last three years. The three year time scale to deliver our Financial Strategy allows a focused and driven approach, aligning to the final stages of delivery of *Our 2021-2026 Strategy*. Furthermore, this approach has also enabled us to develop our Financial Strategy with the benefit of post-pandemic knowledge and in-line with the changing landscape of NHS funding streams nationally with the introduction of Integrated Care Boards (ICBs).

Our Financial Strategy demonstrates our commitment to maximise our potential to improve and deliver best value, and comprises Four Elements, aligned to our Continuous Improvement strategic objective: Processes, Culture and Innovation, Zero-based Budgeting, Productivity-based Budgeting, and Prioritisation & Collaboration.

Our Financial Strategy has been developed through engagement with the finance team and wider workforce across our five clinical divisions, and corporate teams. This approach has enabled us to gain a clear understanding of our current situation and our priorities over the next three years. This document assesses where we are now, outlines where we want to be through the development of priorities for each Element and details how we are going to get there within the next steps section.

Finance at WUTH is led by our Chief Finance Officer (CFO), driven by our Finance Team, managed by our budget holders across each division, and delivered by all staff across our organisation.

As NHS care is free at the point of delivery, finance may not be at the forefront of our minds. However, without finance, we would be unable to provide healthcare services for our patients. Therefore, financial sustainability and delivering best value is central to ensuring continued healthcare provision to the population we serve.

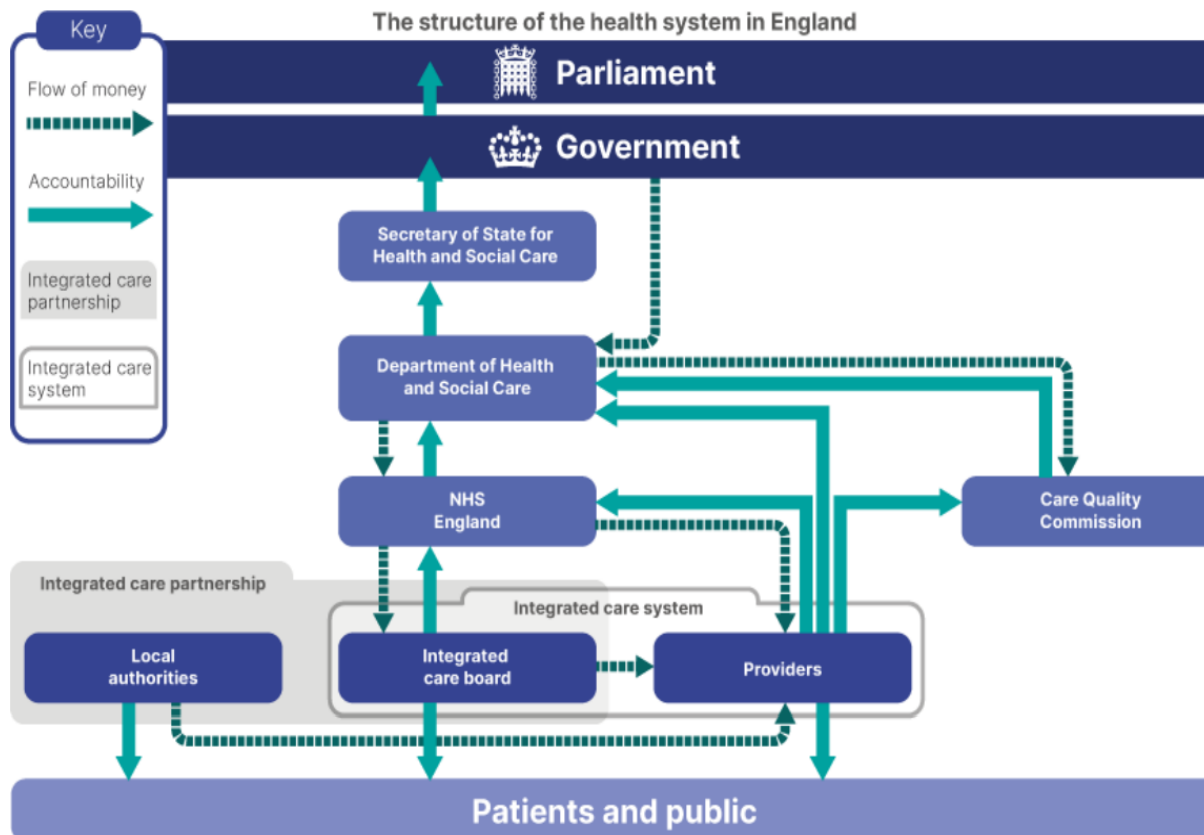
Following a time of considerable change for the NHS, with the implementation of Integrated Care Systems (ICSs) and the introduction of ICBs as the new funding structure, the Trust is working with its partners across Wirral Place to redesign services to drive improved outcomes and operational performance whilst also supporting system wide financial sustainability. Wirral Place, and Cheshire and Merseyside Integrated Care system is facing significant financial challenges with overall deficits reported. We have therefore developed our Financial Strategy to not only reflect our own priorities, but to acknowledge and address these system challenges.

National Finance Context

Integrated working

Health Services across England are funded from the Department for Health and Social Care's budget, with funding streams illustrated in figure 1. The majority of this budget is passed to NHS England, and the remainder funds public health, local authority grants, training and development and regulation of care.

Figure 1 – The Structure of the Health System in England



The introduction of ICSs and ICBs was brought forward by the white paper: *Integration and innovation: working together to improve health and social care for all*, with implementation of this new structure from 1st July 2022, allowing NHS England to set financial allocations and other financial objectives at a system level.

Reset & Recovery

Post-pandemic operational planning nationally prioritises on reducing backlogs, increasing capacity, growing the workforce, and expanding joined up healthcare. These national priorities are not only central to strategic and operational planning, but also carry with them considerable financial implications.

External Factors

The NHS manages within overall resource limits that are determined by the government each year, and there is challenged to meet unlimited demand, with finite resource. Furthermore, recent years have seen a time of considerable change not only for the NHS, but for the country in general, which has introduced further pressures through external factors such as:

- Learning to live with COVID-19 Pandemic
- Inflation and cost of living crisis
- European Union Exit
- Industrial Action

Local Finance Context

Integrated Working

As we face the challenge of social, economic and public health recovery from the COVID-19 pandemic and look to tackle the inequalities and vulnerabilities it has exposed, the case for collaborative working is stronger than ever. Cheshire and Merseyside (C&M) ICS is made up of nine 'Places', Wirral being one of the nine.

Wirral Place-based Partnership comprises Wirral University Teaching Hospital (WUTH), Primary Care Partnership Wirral, Wirral Community Health and Care (WCHC) NHS Foundation Trust, Cheshire and Wirral Partnership NHS Foundation Trust, Wirral Council, and the Voluntary, Community, Faith and Social Enterprise (VCFSE).

Working collaboratively with these partner organisation is facilitated by integrated commissioning, which is delivered through the Cheshire & Merseyside Integrated Care Board.

Since this commissioning Model was introduced in July 2022, at WUTH, we have been working on a number of collaborative programmes with our partner organisations across Wirral Place and the wider ICS:

- £10.6 million funding for collaborating with regional partners for operating theatres at the new South Mersey elective Hub at our Clatterbridge Hospital site.
- The Urgent and Emergency Care Upgrade Programme (UECUP) is a £36 million collaboration between the Department of Health and Social Care, WUTH, and WCHC for a new emergency facility at Arrowe Park Hospital to provide one front door to our patients.

Demographics

It is important to consider the demographic of the patients we serve, in order to understand how that might affect the financial pressure on the services we provide:

- Wirral has a total population of approximately 324,000. Wirral has an older demographic, with 22% of the population aging 65 years or older, this is higher than the national average of 18.5%.
- 72,204 people live with a long term illness in Wirral, this is 22.6% of the people who live here, compared to 17.6% across England.

External Factors

At the end of the 2022/23 financial year, the Trust's exit run-rate at WUTH is a deficit of £40 million. This is driven by:

- underachievement of Cost Improvement Programme (CIP) targets,
- continuation of escalated bed capacity,
- high levels of bank and agency workforce expenditure.

The challenges of the NHS finance regime mean that a minimum CIP target of 5% must be achieved in the coming years, and the Trust has had to manage inflation pressures, for example, energy costs.

Background

Developing Our 2021 – 2026 Strategy

Our previous strategic focus was upon our top three priorities: patient flow, outpatients and peri-operative medicine. Our Clinical Divisions aligned their operational plans to support improvements in each of these three areas. However, clear strategic objectives for all to work towards, aimed to ultimately deliver our vision were not defined. Therefore, our Trust Board decided further work was needed to create a new, clear and meaningful strategic direction.

Our journey to develop our new strategic direction began early 2020, through a robust process of research and engagement as described.

Our 2021-2026 Strategy launched October 2020 outlining our intentions and setting out our specific strategic objectives to focus progress over the next five years.



Our Vision, Values and Foundations

Our Vision and Values set out what our patients can expect from us. Underpinning our Vision and Values, and aligning to the Trust objectives and priorities are the Foundations: Getting the Basics Right, Better, and Best. Alignment to our Vision, Values and Foundations is key to the successful delivery of our Financial Strategy.

Our Vision



...deliver the best quality and safest
care to the communities we serve

Our Values

caring for everyone

- Acting with kindness, compassion and empathy with everyone
- Being friendly, welcoming, approachable and remembering the simple things like a greeting and a smile
- Being considerate of the needs of others
- Listening to ideas, opinions, thoughts and feelings of others
- Taking personal responsibility and accountability for the care that you deliver

embracing teamwork

- Working within and across teams to provide the best possible quality of care and experience for our patients, families, carers and colleagues
- Communicating effectively within teams
- Recognising the value of everyone's role, contribution, skills and abilities
- Supporting colleagues within the team when needed
- Engaging in opportunities to develop and grow the team

respect for all

- Being honest and open, including honesty about what we can and cannot do
- Being polite and professional with everyone, introducing ourselves by name, saying please and thank you
- Listening to patients, families and colleagues
- Respecting cultural and individual differences
- Ensuring we treat everyone the way we would want to be treated ourselves and dealing with poor behaviour

committed to improvement

- Actively seeking new ways of working to enable improvement
- Working together to improve services for our patients, families and carers
- Taking personal responsibility and ownership of things that need to improve
- Being positively receptive to change and improvement
- Celebrating our achievements

Our Foundations

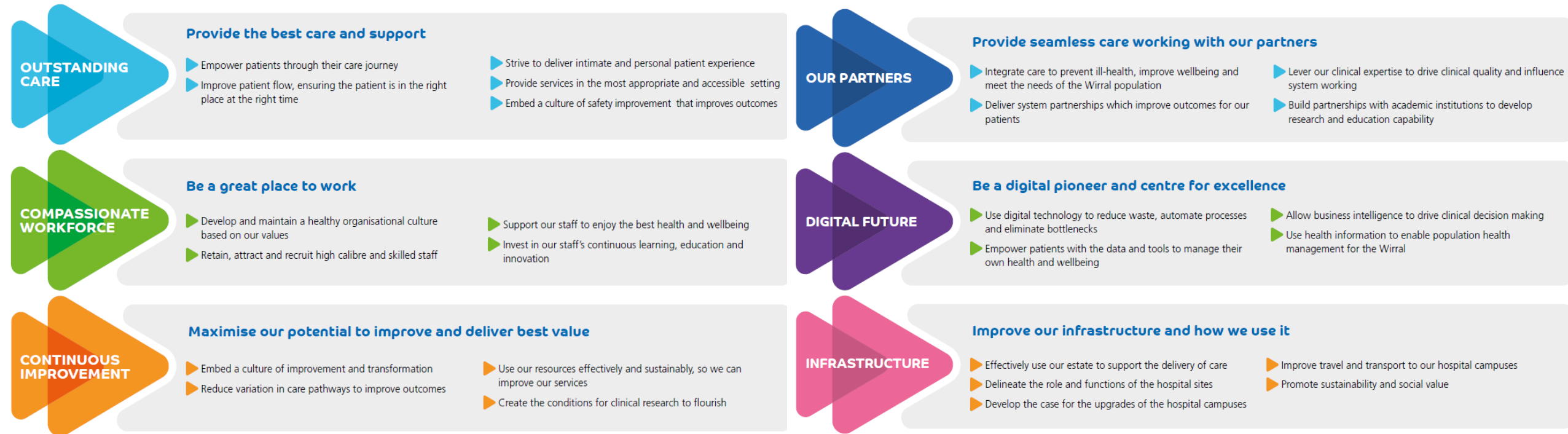
Getting
the Basics
Right

Better

Best

Our 2021-2026 Objectives and Priorities

Our six strategic objectives and priorities demonstrate our intension to provide outstanding care across the Wirral through our hospital sites and units, as a lead provider within the Wirral system. We will be a Hospital Trust that patients, families and carers recommend and staff are proud to be part of.



Enabling Strategies

Strategic Framework: Our Enabling Strategies

Our 2021-2026 Strategy will be delivered through eight Enabling Strategies as shown. This strategy will set out our road map of financial priorities for the next three years.

The Financial Strategy is the final piece in our suite of enabling strategies. Launching this strategy last consolidates and underpins all of our Enabling Strategies, with the benefit of learning from the new changes to national funding structures.

Our Financial Strategy will support the long term financial sustainability of our services and enable us to plan for the investment we need in our workforce, estate, equipment and infrastructure. The Trust must continuously review and improve the way it uses its resources so that we can maximise the benefits of our patients for every pound that we spend.



Developing our Financial Strategy

2023 - 2026



Our Financial Journey

Where we are now and where we want to be

Over the last three years, finances have been affected considerably across the NHS by external factors; despite this, we have continued to prioritise high-quality patient care. However, it is now time to look to future planning for our financial journey, and to consider where we are now, and where we want to be in three years.

We need to firstly understand our starting point by reflecting upon our financial journey over the past three years, recognising the key milestones achieved, and the challenges that remain. We recognise through acknowledging our lessons learnt that there is a requirement for a strategic priority within this Financial Strategy to demonstrate how we will support our staff to utilise the finance function at WUTH to aid clinical decision making and provide safe, outstanding care for our patients.

This section of the document introduces the Four Elements of the strategy, which have been developed through engagement with our Finance and Procurement teams, and wider engagement with our Clinical and Corporate Divisions. These Elements encompass all required areas of focus to enable us to progress from where we are now to where we want to be over the next three years, through alignment to our Continuous Improvement strategic objective and our Clinical Service Strategy 2021-2026 priorities.

Key Financial Achievements Over the Past Three Years

Reflection to shape the development of our Financial Strategy 2023-2026

Team Restructure

Completed restructure of Finance and Procurement team in 2021, delivering 10.3% recurrent savings whilst strengthening customer support for all teams and reducing financial reporting timetable from WD8 to WD1 in from April 2023.

Head of Internal Audit Opinion

In 21/22 the Trust received substantial assurance in the Head of Internal Audit Opinion, indicating that there is a good system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently. This was the first time the Trust has received an opinion at this level. In addition, the Trust's Treasury Management review received "High Assurance", the highest possible level of assurance and the only instance of the Trust receiving this rating.

Capital Management Group

Introduced new governance framework for approval of capital programmes and ongoing management through Capital Management Group. Increased transparency in respect of all procurement and provided clear lines of accountability for all major capital works.

Level 1 Accreditation

The Trust reached One NHS Finance Level 1 Accreditation, and is working towards achieving Levels 2 and 3 by 2024/25.

Apprenticeship Programme

Created new apprenticeship programme utilising Apprentice Levy funding, recruiting 4 apprentices from local community with innovative programme of rotation across all aspects of finance whilst studying for accountancy qualifications.

Business Development and Investment Sub-Committee

Introduced the strategic review of business case process, creating Business Development and Investment Sub-Committee (BDISC), streamlining remaining process and introduced suite of supporting documentation. Prevented the development of business cases that are not aligned with strategic objectives of the organisation.

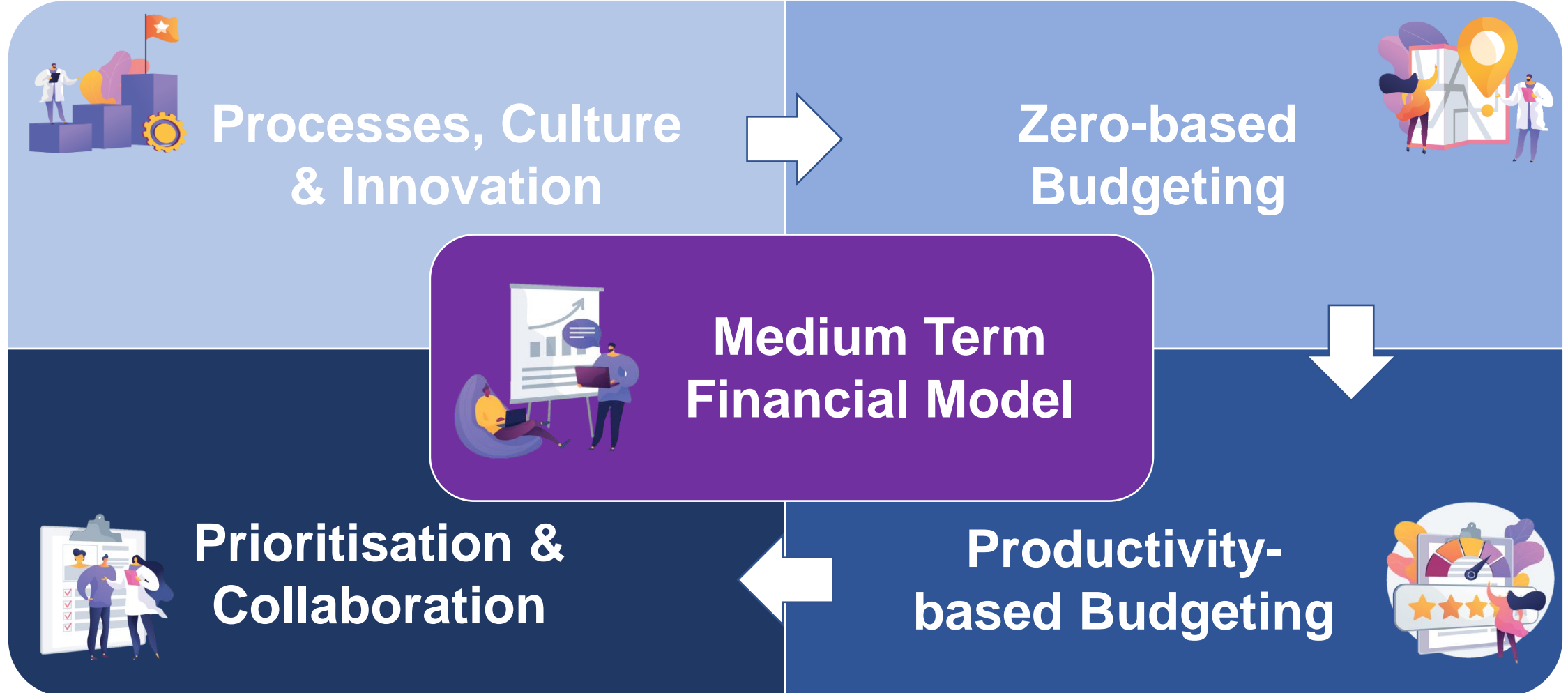
Cost Improvement Programmes

Implementation of new CIP governance and reporting processes to bring in line with national best practice. Created Cheshire & Merseyside Cost Improvement Programme & Efficiency Group, chaired fortnightly by WUTH DCFO, to bring together Trusts across the ICS to share successful schemes and identify opportunities for joint working.

Better Care Fund

Wirral Health and Care Partners have the largest pooled fund within Cheshire & Merseyside. This is delivering improved outcomes for our communities and delivered cost effectively for a number of years. NHS providers have been jointly reporting for the last 3 years, with an agreed single 'system' approach to financial planning and recovery. 13

The Four Elements of our Financial Strategy



Processes, Culture & Innovation



Defining the Element of Processes, Culture & Innovation:

“We know our business and have the skills and commitment to drive continuous improvement. We support a financially literate culture throughout the Trust and the delivery of sustainable, high-quality patient care.”

This Element of the Financial Strategy reflects the impact of finance across the whole organisation, with focus on the wider workforce. Processes, Culture and Innovation emphasises how everyone, in every capacity has a responsibility to understand and can impact upon finance.

Throughout the strategy development process, engagement workshops were carried out across our finance and procurement teams, and the wider workforce across our clinical and corporate divisions. Detailed outputs from these engagement sessions are recorded in appendix 1 of this strategy.

When discussing the priority areas for Processes, Culture & Innovation, the following themes arose:

- Communication
- Financial literacy
- Information sharing
- Encouraging trust-wide engagement
- Trust-wide methodologies

These themes, and the feedback received throughout engagement were used to form the priorities of the strategy.

Zero-based Budgeting



Defining the Element of Zero-based Budgeting:

“All costs need to be justified each year. No costs should be incurred unless they are affordable and add value to the services we provide.”

This Element of the Financial Strategy focuses on the finance function across the Trust, and specifically ways of working that continually re-assess each year to ensure that everything we do adds value.

Throughout the strategy development process, engagement workshops were carried out across our finance and procurement teams, and the wider workforce across our clinical and corporate divisions. Detailed outputs from these engagement sessions are recorded in appendix 1 of this strategy.

When discussing the priority areas for Zero-based Budgeting, the following themes arose:

- Data-driven decision making
- Making information visible
- Having procedures in place for measurement, assessment and benchmarking of current position

These themes, and the feedback received throughout engagement were used to form the priorities of the strategy.

Productivity-based Budgeting



Defining the Element of Productivity-based Budgeting:

“We must improve our processes to deliver more activity with less resource. This approach will enable us to address unproductive activities and expand areas of advantage.”

This Element of the Financial Strategy focuses on optimising the finite resources we are allocated by identifying the areas that function effectively, and those that could be improved.

Throughout the strategy development process, engagement workshops were carried out across our finance and procurement teams, and the wider workforce across our clinical and corporate divisions. Detailed outputs from these engagement sessions are recorded in appendix 1 of this strategy.

When discussing the priority areas for Productivity-based Budgeting, the following themes arose:

- Identifying efficiencies and inefficiencies
- Identifying effectiveness and ineffectiveness
- Best use of staff time and estates
- Workforce sustainability
- Identifying opportunities for improvement
- Financial sustainability

These themes, and the feedback received throughout engagement were used to form the priorities of the strategy.

Prioritisation & Collaboration



Defining the Element of Prioritisation:

“We need to change as our environment changes, rather than just do what we have always done. In doing so, we can ensure that our allocation of limited resources are fully focussed on the delivery of our strategy.”

This Element of the Financial Strategy focuses on the financial position of WUTH across Wirral and the wider healthcare system.

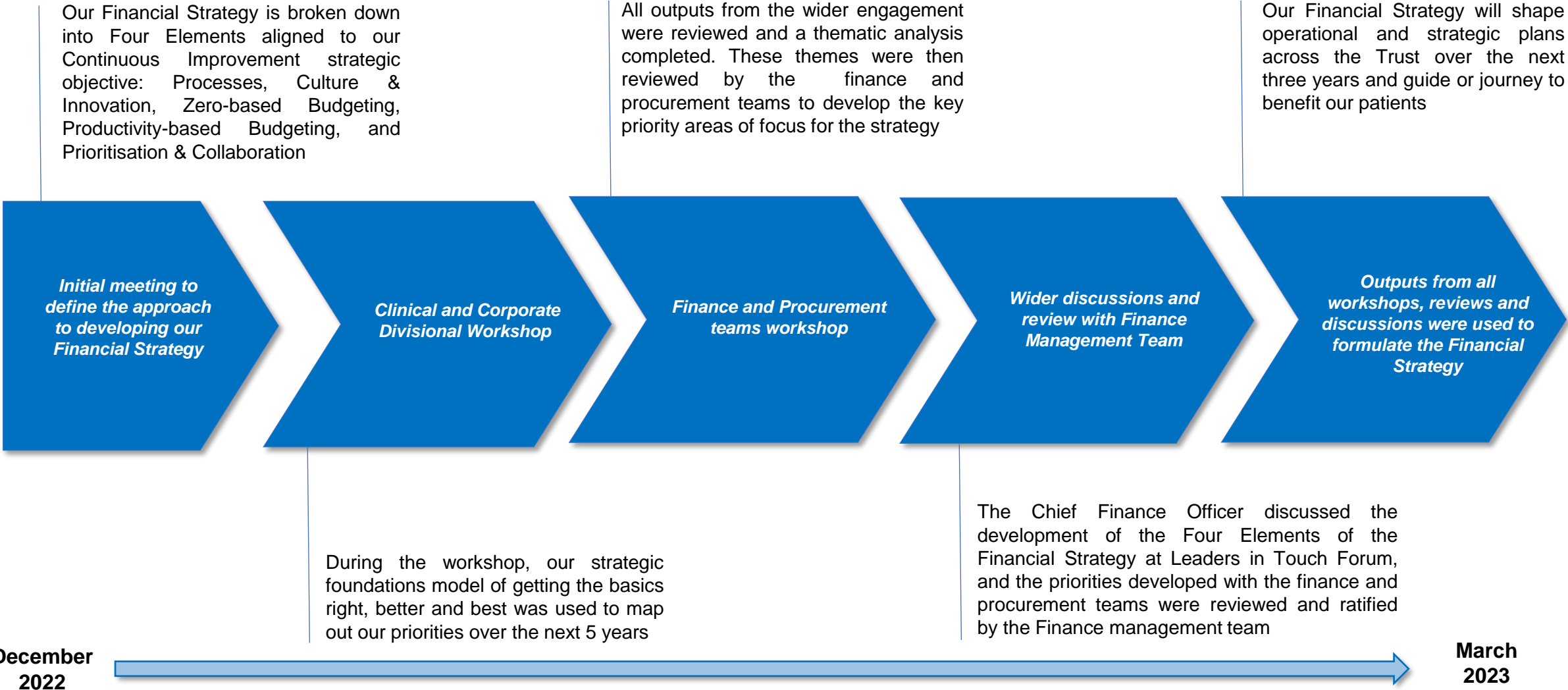
Throughout the strategy development process, engagement workshops were carried out across our finance and procurement teams, and the wider workforce across our clinical and corporate divisions. Detailed outputs from these engagement sessions are recorded in appendix 1 of this strategy.

When discussing the priority areas for Prioritisation and Collaboration, the following themes arose:

- Understanding our position
- Working with partners
- Streamlining and economies of scale
- Collaborating to address system-wide problems and inefficiencies

These themes, and the feedback received throughout engagement were used to form the priorities of the strategy.

Strategy Development Engagement



Financial Strategy Key Priorities

2023 - 2026



Key Priorities

Where we want to be: The Four Elements of the Financial Strategy

The priorities detailed within this section of the document reveal where we want to be in the next three years to achieve maximum benefits across our organisation, to benefit our patients, staff and the population of Wirral.

The priorities are broken down into the Four Elements of the Financial Strategy which are aligned to deliver our Continuous Improvement strategic objective. The detailed outputs from each of the strategy development workshops are recorded in Appendix 1.



Processes, Culture & Innovation



Encourage a positive culture towards finance at WUTH by celebrating successes and innovations, and reducing negative connotations, through changing our language and approach to staff communication



Introduce a competency framework to develop financial literacy, understanding of procurement and training opportunities for all roles across the Trust, making finance everyone's business, and achieving Level 3 finance accreditation



Improve engagement with clinical teams by tailoring financial information to develop understanding of their financial position and trend forecasting at speciality or directorate level



Introduce a Trust-wide platform for patients and staff to nurture innovative and sustainable ways of working to drive continuous improvement and high-quality patient care



Zero-based Budgeting



Introduce a methodology to understand the requirements of our target operating model, prioritising a fixed level of resource between functions, and facilitating a gap analysis to inform strategic future planning



Promoting and utilising digital platforms and Trust-wide procedures to carry out data-driven assessment of current financial position, and what resources are required to deliver our services



Introduce Zero-Based Budgeting as standard practice for all financial planning procedures, ensuring that we understand the impact of investment, that we are adding value, and can identify opportunities to optimise or redirect our resources



Productivity-based Budgeting



Develop and embed Trust-wide KPIs to understand the effectiveness and efficiency of our activity to inform financial decision making processes



Engage clinical teams in managing cost, to ensure costing models are accurate, reflective of the actual experience of clinicians, and that the outputs are used to allocate resources to services



Work with budget holders to improve understanding of the financial impact of decision making, including workforce, procurement and contract management



Ensure that changes and improvements made to productivity-based budgeting practices are sustained, and the benefits are realised year on year supporting us to transform for the future



Prioritisation & Collaboration



Supporting the Trust to strategically review services, and their current and future financial position. Using this to inform the Trust's position within both Wirral Place and Cheshire and Merseyside Integrated Care System



Facilitate decision making using financial information to aid identification of opportunities for collaboration, understanding the areas we can influence, the areas we can expand, and the areas that may be better led by partner organisations



Anticipate and influence commissioning at system level and align to the wider strategic direction for population need

Next Steps

How we Get to Where we Want to Be: Implementation, Monitoring and Review



Our staff are the enablers to wider organisational transformation, and will be supported by the finance and procurement teams to translate the financial strategic priorities into operational plans for each year of the strategy. Progress in delivering the strategy will be monitored through the Finance, Business, Performance and Assurance committee (FBPAC).

Underpinned by our key priorities, an output from our Financial Strategy will be a Medium-Term Financial Model that will, for a three year period, action our financial position, CIP plans, and Capital Programmes.

Our Financial strategic priorities will be carefully selected through robust governance processes involving all key stakeholders across the organisation as part of our annual planning cycle. This will ensure our financial priorities remain relevant to the evolving needs of our patients, support the development of clinical services and support financial sustainability in an ever-changing financial landscape.

Delivery of the operational and strategic priorities will be driven and monitored through existing comprehensive governance structures, providing organisational transparency whilst ensuring the delivery of financial transformation, within agreed timescales and cost constraints.

Appendices

Glossary of Terms
Strategic Alignment
Staff Engagement Outputs





Glossary of Terms

Cheshire and Merseyside Integrated Care System (C&M ICS)

An Integrated Care System brings together the NHS organisations, councils and wider partners in a defined geographical area to deliver more joined up approaches to improving health and care outcomes. Cheshire and Merseyside is one of the largest ICSs in England Within each ICS there is an Integrated Care Partnership and an Integrated Care Board.

Culture

That complex whole comprising of what we know, our beliefs and our behaviours. All of which are learnt. Because culture is acquired and not fixed, it can change.

Finance

The management of our available resources (money), through activities such as budgeting, forecasting, planning and prioritising.

Innovation

The process of generating methods, products or ways of working.

Productivity-based Budgeting (as an element of this strategy)

“We must improve our processes to deliver more activity with less resource. This approach will enable us to address unproductive activities and expand areas of advantage.”

Strategy

A plan of action that provides clear direction for all to work towards.

Wirral Place

Local health and social care partners working together across Wirral to improve health and care outcomes and reduce inequality for our population Wirral Place is one of nine boroughs in the region of the Cheshire and Wirral Integrated Care System.

WUTH

Wirral University Teaching Hospital Foundation Trust.

Zero-based Budgeting (as an element of this strategy)

“All costs need to be justified each year. No costs should be incurred unless they are affordable and add value to the services we provide.”



Strategic Alignment of Our Four Elements

The Financial Strategy Elements are aligned to delivering the Continuous Improvement priorities specifically, but they will also support the delivery of all Trust strategic objectives.

	Continuous Improvement Priorities	
	Embed a culture of improvement and transformation	Use our resources effectively and sustainably, so we can improve our services
Processes, Culture & Innovation	✓	
Zero-based Budgeting		✓
Productivity-based budgeting		✓
Prioritisation & Collaboration	✓	✓

Appendix 1: Staff Engagement Outputs



Engagement
Outputs