



**The Walton Centre**  
NHS Foundation Trust

*Excellence in Neuroscience* 

# Finance Substrategy

## 2022 - 2025





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# Introduction

**Vision – To maximise use of resources, improve productivity and develop market opportunities to deliver best value for the Trust, the public and the wider system.**

**Mission – We will achieve this through:**

- Maintaining and improving financial performance;
- Focusing on improving productivity within the organisation;
- Maximise our opportunities in procuring capital, goods and services;
- Assessing the market data to understand and develop areas of opportunity.

The Walton Centre is the only standalone specialist neurosciences NHS Trust providing a high-quality, integrated, and multidisciplinary service to Merseyside, Cheshire, North Wales, the Isle of Man and parts of Lancashire and Greater Manchester – serving a population of 3.5 million people.

The Trust has refreshed its strategy which now covers the three years from 2022 to 2025 to reflect the pace of change in the NHS due to the pandemic and the infrastructure changes brought about by the Health and Social Care Bill 2021. The Finance and Commercial Development Substrategy will take stock of the issues that have and will continue to impact on the Trust's financial sustainability.

The Walton Centre is a high performing Trust in terms of its finances and has achieved the required financial control totals and targets as set by NHSEI on an annual basis since 2016/17 when they were first introduced.

Prior to this, the Trust had seen excellent financial performance and delivered annual surpluses that had enabled it to invest in the expansion of its estate and facilities through loans that were approved by the Department of Health and Social Care.

It therefore has an excellent track record for finance delivery and holds a Strategic Operating Framework (SOF) score of 1 which represents the lowest level of risk for finance and operational performance and is one of three Trusts who hold this accolade in Cheshire and Merseyside (C&M) Integrated Care System (ICS).

The situation in the ICS is mixed in terms of financial performance, and this is exacerbated by the geographical location of providers. There are Trusts with historical structural issues and ongoing patient demand and flow issues which have worsened following the pandemic.

In commercial terms, the Trust has tended to concentrate on smaller, niche areas of commercial innovation rather than wider market development opportunities.

It has had relative success in such areas however continuation down this path will not deliver the increased revenue/contribution the Trust requires to enable it to manage the unprecedented financial challenges facing the NHS given the current economic environment.

**// The Finance and Commercial Development Substrategy will take stock of the issues that have and will continue to impact on the Trust's financial sustainability.**

# Current environment

The Trust is a member of the Cheshire and Merseyside Acute and Specialist Trust Alliance (CMAST) and is located within the Cheshire and Merseyside ICS. Although the Trust has been successful in the delivery of its financial targets, it has struggled to deliver financial efficiencies on a recurrent basis which inevitably puts pressure on the cost base and the underlying financial position.

The COVID-19 pandemic created an environment of short-term financial planning with 'top up' to breakeven funding and block income contracts. There was less focus on the delivery of financial efficiencies, with the traditional 'competitive' market moving to collaborative working and mutual aid between C&M Trusts. The financial environment encouraged this new way of working.

The move to ICS allocations and the need for breakeven at system level has inevitably led to financial pressures for certain providers in the system. Although the Trust has performed well financially within this environment to date, there are still several threats to the Trust's current financial delivery/performance and ambitions.

These include the waning importance of individual organisational performance compared to system performance, changes to income flows as a result of changes in who commissions services as well as the method of commissioning, with ICS priorities likely to influence the future allocation of resources.

Locally, the Trust is becoming involved in discussions regarding the best use of resources within the city in collaboration with other Liverpool based providers following a local clinical review of services.

This review has led to a joint committee being set up with Liverpool University Hospitals NHS Foundation Trust to assess emergency clinical pathway opportunities and wider clinical and non-clinical opportunities which will be identified in a collaborative work plan.

The Trust continues to be a part of the C&M Collaboration at scale work, with Procurement being involved in discussions regarding system wide opportunities.

The Trust has also been successful in hosting Health Procurement Liverpool, a procurement collaboration including three other specialist trusts, and this is an area that could be expanded out to other parties, creating opportunities for greater economies of scale. It could also look to develop similar models for other corporate services with Liverpool-based trusts (and wider) to improve value and resilience.

Within this environment there are inevitably challenges for the Trust but also opportunities given the Trust's stability, track record in delivery and its operating model of collaborative delivery of services with partners.

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# Where are we going?

Given the uncertainty of the current economic environment, the Trust needs to focus on continuing to deliver financial performance in line with national requirements whilst taking a more proactive approach to growing its services within and outside of the ICS.

Nationally, NHS finances have been stretched because of inflation and additional demands on the NHS, with the Autumn Statement providing a favourable settlement compared to other areas of the public sector. However, despite this, the settlement will provide a challenge to both the ICS as well as the Trust.

The inflationary pressures and exceptional prices in areas such as energy will create cost pressures which the Trust will need to manage whilst trying to continue to deliver high quality patient care.

The Finance Team will need to be at the forefront in communicating these financial pressures and managing the expectations of the organisation within the wider system to help the Trust to continue to maintain delivery of financial targets. This needs to be carried out through education and training to ensure staff are aware of our obligations as part of the wider system framework.

The Trust also needs to be cognisant that there are likely to be constraints in how it operates as the ICS continues to develop and evolve. This is due to mutual aid, more collaborative working and finance system targets becoming the norm. However, there are likely to be opportunities within the system as it tries to maximise revenue through ensuring C&M NHS services are delivered by organisations within the ICS and encouraging those with the ability to bring in additional revenue from outside of the ICS boundaries to do so.

It is important to note that given the elective recovery requirements following the pandemic, and the need to manage NHS waiting lists, the Trust is not pursuing the private patient market at this point and is looking at opportunities within the wider NHS 'market' however should such private patient service opportunities arise, they will be considered.

In addition to this, the Trust needs to review the opportunities provided through non-NHS work to diversify its income portfolio and make itself less dependent on core NHS income.

This is likely to be a longer-term ambition given the constraints of delivering NHS waiting lists and increased demand for Trust services following the COVID-19 pandemic. However, a focus on the ambitions of non-NHS work with greater margins will give a direction of travel as to how and when this might be achieved.

In order to maintain financial performance and develop areas of opportunity within the current environment, the Trust will need to review its detailed demand and capacity forecasts to ensure that it is able to maximise throughput to take advantage of market opportunities as they are identified.

This will require a detailed review into metrics and areas where the Trust is not performing as well as possible to develop plans on how to improve this. It is anticipated that with finance supporting, the Strategic Programme Management Office (SPMO) will oversee the key large-scale projects in delivering these improvements which in turn should lead to additional capacity which will enable greater activity throughput and as such, open wider market opportunities.

Key to this development will be access to data and information that help us to understand current performance but also to accurately predict future performance so we can proactively manage activity demand and future capacity requirements. This will require a greater focus on future performance rather than reporting on the past which has been common practice.

We see this process as being a collaborative practice between Finance, Operations, and Information areas to ensure we maximise access to intelligence to facilitate the future development of the organisation.

# What do we need to do?

There are three key elements required to ensure the continued successful delivery of the Trusts financial performance:

- **Maintain financial performance**
- **Assess areas for potential improvement**
- **Deliver enhanced financial performance**

Given the current financial performance of the Trust, the priority for the Trust is to at least maintain or improve this performance. To do this, the Trust must continue to implement the organisational and financial discipline that it has established and sustained in the pre-pandemic/pandemic phase, which has helped to manage cost growth. Processes have been put into place including rigorous business case assessment and risk management when discussing potential investments.

The Trust needs to then assess its performance to check where it can make enhancements / changes that would lead to improved financial performance. For example, it is highly likely that there will be a national drive to improve productivity given the increased investment in the NHS compared to 2019/20, whilst activity levels remain below 2019/20 levels. A suite of performance indicators exist that the Trust can use to assess how to deliver improved productivity and financial performance. These will need to be a focus of the finance and commercial sub-strategy.

Finally, the Trust needs to deliver on the areas of finance and performance indicators it has identified as low performing so it can deliver enhanced productivity and financial improvement. For instance, a focus on inpatient flow can lead to enhanced capacity for the Trust to deliver any further activity opportunities that will help to improve income/margin into the Trust.

# How will we deliver?

The Trust strategy comprises five strategic ambitions which will enable the Trust to continue to deliver world-class care to our patients and their families:

- **Education, training and learning**
- **Research and innovation**
- **Leadership**
- **Collaboration**
- **Social responsibility.**

The Finance and Commercial Development Substrategy will encompass some specific elements that will directly contribute or help towards the delivery of the strategic ambitions.

## **Education, training and learning**

We will deliver a range of finance education and training that not only encompasses the Trust staff but will also include the upskilling of our finance staff, continuing to have a Finance Health and Wellbeing Lead and maintaining and improving the finance department's Financial Skill Development (FSD) accreditation. Through doing this we will work to convey the importance of finance delivery to the Trust in helping us to deliver the overall Trust strategy. This will contribute towards the objective of leading the way in neurosciences education and training.

## **Research and innovation**

We will provide finance support to colleagues to ensure applications for funding provide a contribution to the Trust and support with commercial research projects to maximise the Trust's financial opportunities whilst working with commercial and university partners to the benefit of the Trust. This support will enhance the prospects for the Trust to re-invest in the research and innovation agenda and enable the Trust to realise its aim to deliver high quality clinical neuroscience research, in collaboration with universities and commercial partners.

## **Leadership**

We will provide financial leadership within the Trust at all levels to communicate and help people to understand how important financial delivery (including the delivery of the Quality Improvement Programme – QIPP) is to maintain our reputation within the ICS.

Financial acumen and knowledge provided through communication and training will help to deliver the strategic ambition of developing the right people with the right skills and values to enable sustainable delivery of health services.

## **Collaboration**

The Trust is experienced in collaborating across several clinical and non-clinical services and this will continue to be the case as we look to build on our Procurement collaboration, Health Procurement Liverpool, with other areas such as through the Liverpool Clinical Services review, where there is already a Finance Group reviewing opportunities to improve the value for money of services provided between the six Trusts in Liverpool. We will look for other areas of opportunity with health providers to collaborate to improve quality, productivity and to improve the overall value of services and help to deliver the ambition of further developing our clinical and non-clinical collaborations.

## **Social responsibility**

A key part of the Finance and Commercial Development Substrategy is gaining a deeper understanding of the Trust's key markets and developing plans to engage with areas where the Trust has less engagement and lower activity. This will also highlight areas where the Trust can improve access for those from areas of social deprivation. Utilising information to direct service provision we will help to support our local communities and provide services for patients within and beyond Cheshire and Merseyside. Through carrying out this, the finance and commercial sub-strategy will enable the Trust to support our local population.



Underpinning the five Trust strategic ambitions there are seven enabling strategies which feed into all aspects of The Walton Centre's work, providing a critical link between our overarching ambitions and their delivery. One of these is the finance and commercial development sub-strategy, and there are a number of ambitions to ensure successful delivery of this:

- Maintain SOF level 1 by delivering a range of financial indicators to improve performance
- Improve Better Payment Practice Code to 95% of invoices paid within 30 days of invoices received
- Work with the ICB across collaborative projects that improve the use of existing resources within the ICS
- Work with local and regional partners to deliver improved value for money across common services such as corporate and site-based services
- Prioritise and manage capital expenditure on a risk basis to deliver within the allotted envelope to maximise quality care and return on investment
- Redevelop patient level costing to enable more detailed analysis of service lines and outputs in order to identify opportunities to improve efficiency and productivity
- Engage with key stakeholders in the Trust to identify market opportunities for NHS services within the current ICS and beyond
- Help improve productivity back to at least 2019/20 levels within the Trust to facilitate additional throughput
- Identify services that generate greatest margin and prioritise development based on deliverability for the Trust.



# How will we achieve our goals and how will we know we have succeeded?

The Trust strategy is very ambitious, and the Finance and Commercial Development Substrategy aims to support this through a varied programme of work. This programme will look to involve a wide range of staff and to disseminate some basic financial skills and key financial messages to the organisation.

The programmes of work will include:

- Financial housekeeping and key messaging
- Finance and operational planning
- Business insight
- Patient level information/Service line reporting
- Regional and local collaboration
- Efficiency and productivity in use of resources
- Improving profitability of R&D and non-patient income
- Digitisation and process re-design
- Ensuring best value for Trust expenditure
- Capital investment.

# Implementation and governance of the finance and commercial development substrategy

The Trust's existing governance structure will be used to oversee and provide assurance on the implementation of the strategy. Specifically:

- Business Performance Committee (BPC) will oversee progress and provide assurance to the Board on progress and resolution of any issues that arise.

In addition to the formal governance structure, the following elements of the Trust management structure will be important in delivering the strategy:

- The Executive Team as a group and individually will be crucial in shaping and delivering the work programmes;
- The Hospital Management Group will similarly allow a broad range of views to be incorporated into the way the Finance and Commercial Development Substrategy is implemented, and a regular discussion on progress within this group will be planned during the year.

Our system partners will also play a crucial role in helping us deliver the strategy, particularly where our plans extend into areas not totally within our control e.g., commissioning arrangements, provider collaboration etc.

This outlines how the finance and commercial substrategy will support the overall Trust strategy to continue to deliver excellent clinical outcomes and the very best patient experience.

# Appendices

## Governance and communication

Strong communication is important to the success of the Finance and Commercial Development Substrategy to provide clear, timely and accessible information on the financial performance of the Trust. Engaging and communicating with staff is key to ensure that they are appropriately trained and have the right skill set to deliver the strategy.

We will develop partnership working with colleagues internally across the Trust and the ICS so that communications and engagement approaches are considered at the onset of any major programme which will also support the Trust in meeting national KPI targets.

## Operational capacity planning

The Finance and Commercial Development Substrategy plans for finance and operational teams to jointly develop a model to allow capacity to be planned in advance and proactive steps taken to deal with any anticipated constraints in the system, taking account of additional funding that will allow capacity to be enhanced. This plan should be capable of matching a patient stay to all the treatment and bed capacity required, and factor in the benefits of new ways of working.

## Knowing the business

Whilst the Trust's core business is providing patient care, it also has important activities that support its core business. This includes education and training of doctors, nurses and other professions and exploring non-NHS opportunities to diversify income which will be invested directly into patient care.

The strategic objectives set out plans to engage and deliver its objectives using existing data to help achieve its goals. This will also entail finance staff being given opportunities to visit areas of the Trust to understand how these work enabling them to provide more targeted and informed advice.

## Patient level information

Patient level costing and information systems (PLICS) have been developed across the NHS, in part to support the management of PBR. However, the real strength of patient level information lies in gaining an understanding of the drivers of treatment costs.

Developing and embedding PLICS will be an enabler on many levels including providing data to improve performance, measure improvements such as waste reduction and engage clinicians in performance improvement, prove an evidence-based approach to costing new initiatives.

As part of the Finance and Commercial Development Substrategy we will be building on our current work using our patient level costing system with an agreed list of priority specialties. The first intention will be to share the current information with clinical teams, with a view to further improving the capture of information and allocation of costs.

### System engagement

Due to changes within the commissioning arrangements in the NHS, there is increasing focus on system working as the ICS continues to evolve and develop. The Finance and Commercial Development Substrategy aims to maximise collaborative financial and commercial opportunities to improve the overall value of services for both the Trust and ICS.

### Enabling waste reduction and efficiency

The Trust's Green plan and Social Value framework will support a more environmentally aware direction for the Trust focusing on waste reduction and environmental sustainability. The Finance and Commercial Development Substrategy aims to contribute to this by supporting the strategic PMO team to identify and establish continuous improvement programmes to improve productivity, quality and efficiency.

### Developing commercial approaches to trading activities and Research and Development

The Trust's trading activities play a vital role in supporting the Trust's core business of patient care and are increasingly important as NHS finances face unprecedented challenges.

As part of the Finance and Commercial Development Substrategy we aim to analyse all income streams that contribute to trading activities in addition to Research and Development and ensure that we are maximising all possible revenue streams.

### Technology led productivity and waste reduction

During COVID-19 the use of technology was embraced both to allow remote working and consultations with patients. As well as providing solutions to problems, technology solutions can be a useful lever to reduce waste.

As part of the Finance and Commercial Development Substrategy, we aim to establish a programme of initiatives that will allow services and departments across the Trust to improve efficiency. The department will also embrace any new technology to improve efficiency such as Robotic Process Automation (RPA).

### Effective management of non-pay expenditure:

The Trust's procurement department produces an annual plan to make savings by driving down the cost of goods and services consumed by the Trust. Work has been undertaken with other specialist Trusts in the ICS to create a single procurement department (Health Procurement Liverpool) which is believed will generate wider opportunities by:

Reducing the number of transactions and suppliers the Trusts work with

Product standardisation across the specialist Trusts

Process changes that could reduce or increase the need for consumables

Increase the buying power of the specialist Trusts to enable further reductions with suppliers to be negotiated

Joint tenders for goods and services as these come up for renewal.

### Capital Investment

The Finance and Commercial Development Substrategy identifies the importance of capital investment both to sustain existing activities and transform for the future.

It will strengthen the process for identifying and prioritising capital investments and ensure the capital programme that is agreed supports sustainability and reduces the Trust carbon footprint.





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