

INNOVATION - E1

STEVE SMITH

PORTSMOUTH HOSPITALS UNIVERSITY NHS TRUST

SOUTH EAST, ACUTE

With special thanks to this team of innovators for taking part in the pilot of this programme and contributing to its development.



**FOR INFORMATION ON THE
INNOVATION PROGRAMME
CLICK HERE**

THE INNOVATORS

'I have over 30 years of experience in finance in both the private and public sectors. I joined Portsmouth Hospitals in 2007 and as the Assistant Director of Finance I am responsible for leading the operational finance team that manages the Trust's annual budget, its monthly financial reporting and which provides financial management support to the organisation'.

THE PROBLEM

The Trust **needs to** eliminate any delays in its monthly financial reporting **because otherwise** it will be unable to influence its business activities with enough urgency. Historically financial reporting would have been published between working days seven to ten each month, generating a potential delay in understanding and operational response time. A major perceived constraint to delivering faster financial information was the outsourcing of financial services and ledger management to a third party. This was considered to limit flexibility and control of transactional management.

THE CHALLENGE

How might we produce accurate, timely and useful financial information with critical indicators **so that** the Trust can respond as quickly as possible with business decisions and focused actions?



THE INNOVATION

We were aware that other Trusts were using early monthly financial reporting (working day 1) as a means of supporting their organisations. In going down the same road we needed to be confident that the issues around the availability of supporting information and the control of our ledger were manageable.

The first consideration was to get the right level of buy-in from the Finance team. We socialised the concept of running Working Day 1 reporting with the team. We wanted to ensure that every possible consideration was made for potential challenges and complications. It was fair to say that the team were concerned. In the main convinced that the existing processes were effective and that changing the timetable, constraining validation time and using selective estimates introduced great risk and was essentially unnecessary. Views changed over the course of the delivery process partly through encouragement and support but ultimately as individually each person began to see that the risks were manageable and that the use of financial estimates was very limited.

The practical challenge was broken down into two main parts. Changes the Finance team could instigate ourselves through reviewing our own timetable and processes and secondly the challenges that linked to the reliance upon support of other Trust departments or third parties. For the Finance team, the approach was to review the existing month-end financial closedown timetable and consider what impact would a change to the reporting day have for every item listed. For each element of the timetable we tested our understanding. What did it represent, what and whom did it rely upon, what would it take to change the processing to comply with its completion by no later than working day-1 (if it sat outside of a third-party control).

Components of the timetable were broken into sub-ledger feeds for clarity and ease with the responsibility for review and understanding shared across the team. Early assessments were made of potential need for financial estimates and process changes were put into place in advance of the go-live date to road test the concept.

Any estimates used that were ultimately replaced by actual transactions (post working day one but while the ledger remained open (within the third-party contractual arrangement of working day 7)) would be reversed to avoid a change in the reported financial position.

Separate consideration was given where information or processes were supplied by others outside of Finance. For Trust departments that supplied critical information such as Pharmacy, we were already able to access reports on a daily basis. This simply meant that data feeds were cut a few days earlier within the reporting timetable (working day-4 rather than working day 1) with estimates bridging the gap. Data was monitored later in the closedown in the process to ensure that there were no significant changes. For our contracts with third-party suppliers, we assessed if the use of estimates were necessary in full (for such things as our PFI contract) or if existing arrangements would supply information or necessary transactions either before (providing no concerns), on or after working day 1.

For any elements contractually deliverable but after working day 1 we would use a financial estimate to meet information needs for the month-end (reversing the estimate when necessary on working days 2 to 7). Supplementary payroll files are an example that are commonly received after working day 1.

Any transactions that are contractually delivered by outsourced services on working day 1 are tracked very closely. These include the posting of material transactions covering purchase orders receipted but not yet paid and invoices related to non-purchase orders received and not yet paid. The evolving value of these transactions is monitored in the days leading up to working day 1 in order to anticipate their financial impact on the month-end.

THE LESSONS LEARNT

- We wouldn't provide an open opportunity to process journals in the morning of working day 1 without close oversight again because of the time subsequently needed for the transactions to clear the ledger and Qlikview. This effected our reporting capability in the afternoon.
- We learned that to we can cope with substantially less validation time within the month-end closedown process by/through tracking the truly relevant transactions.

THE OUTPUTS

The 'tangible' products that came from our innovation were: The publication of financial statements to all Trust wide budget managers on working day 1 each month. A targeted report to the Trust Leadership Team covering key messages/actions and performance indicators. Tailored reports to each Divisional Management Team (4 in total) drawing out specific material issues alongside relevant points of action.

THE OUTCOMES

The benefits to the Finance team and the organisation experienced as a result of the innovation were: Provides the fastest route to sharing key messages and influencing behaviours in the organisation. Opportunity to ensure all procedures are fit for purpose, consolidate approach simplifying or removing non-value adding elements. Sustain Trust wide confidence in Financial capabilities. Strengthen confidence within the team and embrace cross team working. Show an ambition to push ourselves further and take pride in our work. Sharing best practice across the teams. Building a platform to promote further success.

THE QUICK WINS

Understand the way in which the current month end closedown timetable works. Are all of the timings correct? Why are they scheduled for those specific days? Do you deliver against that each month? Does everyone recognise their role within those deadlines? Secondly, list all contributing financial sub-ledgers and review associated procedures and dependencies. Ask what in principle would it take in order to generate an equivalent satisfactory financial outcome by working day-1. Thirdly, add a time constraint to journal activity to reduce low impact transactions, helps to focus actions on the most valuable aspects of business.

THE REVIEWERS SAID



A GREAT PIECE OF WORK WHICH WAS ACHIEVED IN 4 MONTHS FROM MANY STAFF MEMBERS INVOLVEMENT AND OWNERSHIP.



MORE FUTURE FOCUSED FINANCE AS POST-MONTH-END IS NOW ABOUT FORECASTING AND ENSURING THE FORECAST IS ACCURATE SO ANY FORECASTED OVERSPENDS CAN BE ADDRESSED SOONER.



I THINK THIS SUBMISSION HAS GIVEN DETAILED ACCOUNT OF THE STEPS NEEDED TO ACHIEVE A WORKING DAY ONE REPORTING AND AS SUCH SHOULD BE COMMENDED.



WHAT YOU CAN DO NOW

If you recognise the problem stated and have implemented your own innovation to overcome it please submit this innovation to the programme and give others more examples to learn from.

SUBMIT INNOVATION

If you recognise the problem stated and would like to know more details about this innovation in particular, we will be hosting showcase and workshop sessions throughout the year, so all interested staff can gain ideas and inspiration from innovators in a manageable one-to-many format.

REGISTER INTEREST

If you have a problem but don't currently know of a solution to it, then please submit it here and in 2022 the Forum intends to crowdsource solutions to problems that don't currently have known innovations.

SUBMIT PROBLEM

If you would like to learn more about about the innovation programme please click below for more details

LEARN MORE

IN SEPTEMBER 2021 THE FORUM LAUNCHED...

- A national Innovation Programme for NHS Finance staff to submit their innovations for peer review. Successful innovations will be published and accessible to all on the One NHS Finance website
- A 'Software Skills For Finance Staff' event series taught by NHS Finance for NHS Finance including MS Excel, PowerBI, SQL etc.
- An 'Art of the Possible' briefing which explains two new technologies AI & Blockchain and discusses the opportunity for NHS Finance
- An Automation Group to review and improve the efficiency of existing national processes and returns

WHAT YOU CAN DO NOW

- Submit your innovations for peer review
- Sign up to be an innovation peer reviewer
- Read Art of the Possible
- Sign up for Software Skills for Finance
- Register your interest in automation and all things innovative

Innovation Programme



Software Skills



Automation sign up



Be a peer reviewer



Art of the Possible



FURTHER INFORMATION

Website: [FinanceInnovation.nhs.uk](https://financeinnovation.nhs.uk)

Email: finance.innovation@nhs.net

LinkedIn: [One NHS Finance](#)

Twitter: [@OneNHSFinance](#)



One NHS Finance brings together the Future-Focused Finance, National Finance Academy, and the Finance Innovation Forum programmes and networks to make sure that everyone working in NHS Finance has access to skills, knowledge, methods, and opportunities to influence and enhance patient services.



Identifying and developing innovative ways of working and new areas of improvement.