

Introduction to NHS Finance in England

Module Aim

This module provides an introductory overview of NHS Finance in England and is suitable for all healthcare professionals including non executive directors and general practitioners who want to gain an awareness and basic understanding of how NHS finance works. It looks at the structure of the NHS in England and covers how the NHS is funded, how the money is spent and how organisations are held accountable.

Module syllabus

NHS Background and Purpose

- Setting the context
- Government spending on health
- Factors affecting demand for health services

NHS Organisations and Structure

- Roles and responsibilities
- Providers and commissioners of care
- Primary and secondary care

How the NHS gets its Funding

- Different types of money – revenue and capital spending reviews
- Funding levels
- Who gets what revenue
- Allocations to PCTs
- Target versus actual
- How funding reaches NHS trusts and foundation trusts
- Other sources of funding
- Payment by results
- Practice based commissioning
- Capital funding

How the NHS spends the Funding

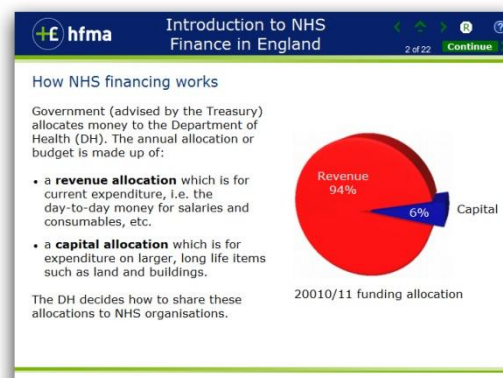
- NHS “global-level” spending
- Spending by “programmes of care”
- Spending at the local level
- Financial duties
- The break-even duty

How the NHS knows what it is Spending

- Costing
- How costing information is used – reference costs
- How costing information is used – programme budgeting

How the NHS looks after its Funding

- The governance framework
- The role of the board
- The role of the chief executive
- Codes of conduct and accountability
- Annual accounts
- Internal audit



This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 4 Service improvement Level 1
- Core 5 Quality Level 1
- G5 Services and project management level

Interested and want to find out more?

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Introduction to Governance in the NHS

Module Aim

This module aims to develop awareness and understanding of what governance is and why it is important. It is aimed predominantly at non executive directors, general practitioners and non finance professionals in healthcare but is also suitable for finance staff new to the NHS.

Learning Objectives

To develop an awareness and understanding of:

- What governance is and why it is important
- How governance differs between sectors
- The dangers of poor governance
- Organisational culture and public sector values
- The importance of organisational policies, structures and processes
- The impact of external factors on how NHS organisations are run e.g. political and regulatory requirements, detailed statutory requirements
- Control frameworks including risk management and assurance, internal audit and clinical governance

Module syllabus

What is meant by Governance?

- Governance in management structures
- Governance in leadership
- Governance in accountability
- Background – governance in the private sector
- Background – governance in the public sector
- Public Accounts Committee
- Nolan Committee
- Good governance in public services

Good Governance in the NHS

- Integrated governance
- What is “good governance” – the fundamental principles

Three Elements of Governance

- Culture and values
 - Code of Conduct for NHS Boards
 - Code of Accountability for NHS Boards
 - Code of Practice on Openness
 - Code of Conduct for Managers

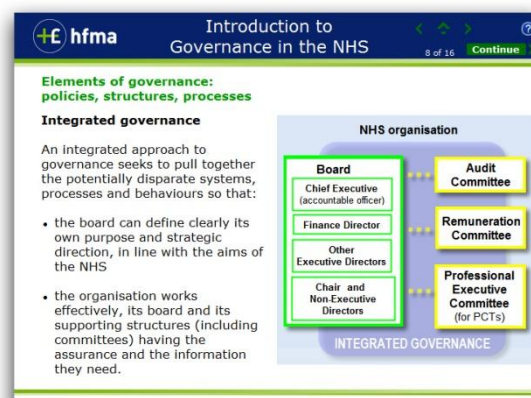
- Policies, structure and processes
 - Structure of an organisation
 - Statutory requirements
 - Accountability
 - Standing orders (SOs)
 - Reservation and delegation of powers
 - Standing financial instructions (SFIs)
 - Assurance framework
 - Performance management – external influences, internal systems
- Control frameworks
 - Accountabilities
 - Assurance
 - Risk management
 - Internal audit

Clinical Governance

- What is good clinical governance?
- Statutory requirements for clinical governance
- Responsibility for clinical governance

Good Governance in Practice

- The board
- Review of committees
- Financial focus
- The clinical agenda



This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 1 Communication level 3
- Core 3 Health, safety and security level 3
- Core 4 Service improvement level 2
- Core 5 Quality level 2
- G5 Services and project management level 3

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Introduction to Payment by Results

Module Aim

This module provides an introduction and basic overview of Payment by Results and how it operates in the NHS in England. It is particularly aimed at non executive directors, general practitioners, non finance professionals, finance professionals and finance staff who are new to the NHS.

Module syllabus

PbR in Context

- Patient choice and NHS reforms
- Previous funding arrangements
- The purpose of PbR
- The national tariff

Costing and PbR

- The basis of price
- The “national tariff” concept
- Budgets and cost centres
- Service costs
- Total cost
- Cost profile
- Calculation of annual reference costs
- The reference cost index (RCI)

How Activity is Measured

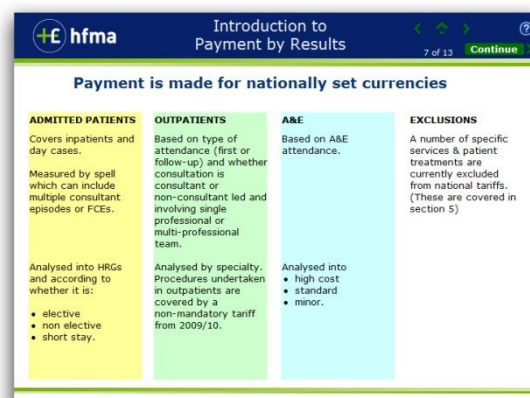
- Classifying activities
- Healthcare resource groups (HRGs) - definition
- Patient pathway
- Identifying the HRG
- The importance of good data
- Episodes, spells and HRGs
- Units of currency

What the basic rules are

- What the rules mean for commissioners and providers in terms of incentives and risk
- Recognition of local cost variations - the market forces factor (MFF)
- Transitional arrangements
- PbR – working arrangements

Practical Implications

- Implications for providers
- Implications for commissioners
- Managing demand – key tasks
- Delivering changes in demand
- How PCTs can manage demand
- Reporting of income and expenditure
- Service line management
- Improving efficiency
- Planning service change
- The future of PbR



This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 1 Communication level 1
- Core 4 Service improvement level 2
- Core 5 Quality level 1
- IK1 Information processing level 1
- IK2 Information collection and analysis level 1
- G3 Procurement and commissioning level 3
- G4 Financial management level 1
- G5 Services and project management level 3

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Introduction to Practice Based Commissioning

Module Aim

This module provides a basic introduction to practice based commissioning and is aimed primarily at non finance professionals including primary care clinicians, practice staff, operational managers, budget holders, business managers and non executive directors but is also suitable for finance staff new to the NHS.

Module syllabus

What is commissioning

- Health needs and services
- Predicting need
- What is commissioning?
- The aim of commissioning
- Procurement, negotiation, contracting
- What is negotiated?
- What is "best value"

Commissioning approaches

- The internal market today
- PCT commissioning
- Commissioning approaches
 - Individual PCT
 - Groups of PCTs
 - Pooled budgets
 - Specialist commissioning groups
 - PBC
- What is practice based commissioning?
- Indicative budgets
- PBC and patient choice
- PBC and PbR
- PBC objectives

PbC from different perspectives

- Four views of PBC
- PBC and PCTs
- Local authorities and PBC
- PBC and GPs
- PBC and the patient

Implementing PBC

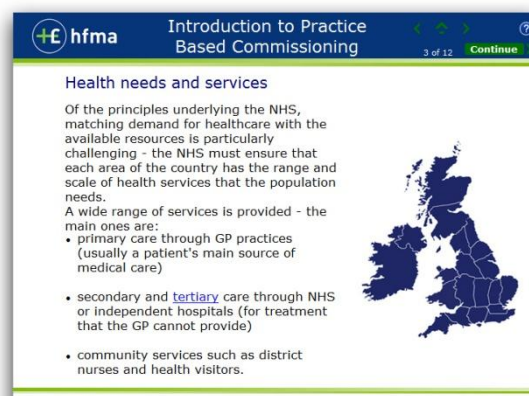
- Budget setting
- Savings
- The business case
- Contestability
- Incentives for GPs

The Impact of PBC

- Service redesign
- Changing referral patterns
- Tackling unscheduled care
- Reshaping primary care
- Public and patient involvement

The Benefits of PBC

- The benefits of PBC
- Barriers to success
- Future developments



This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 4 Service improvement level 3
- G3 Procurement and commissioning level 2
- G4 Financial management level 3
- G5 Services and project management level 3

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Introduction to the FT Financial Regime

Module Aim

To develop an awareness and understanding of the financial and governance regime in NHS foundation trusts (FTs). The module is aimed at non executive directors, general practitioners, non finance professionals, finance staff new to NHS finance and finance staff new to FTs.

Learning Objectives

To develop an awareness and understanding of:

- Background, role and structure of FTs
- FTs in the context of the NHS
- How FTs are funded, regulated and governed
- The FT financial regime
- FT freedoms and the key differences between FT and non FT financial regime

Module syllabus

Background: FTs in Context

- What are FTs?
- Why they were introduced
- Role of the FT in the NHS
- How FTs differ from other NHS trusts

How FTs are formed

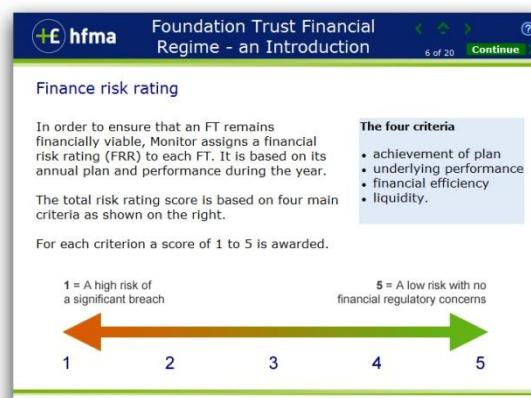
- The key stages of the application process
- Authorisation
- Role of members
- Role of governors and directors
- Key officers' roles
- Key committees
- Relationships with other bodies

How FTs are regulated

- Role of Monitor
- Compliance framework (exploring financial and governance risk)
- What happens when things go wrong

How FTs are financed

- Financial freedoms
- Sources of funding
- Capital funding
- Prudential borrowing code
- Prudential borrowing limit
- FTs and the Private Finance Initiative
- Treasury and cash management: key differences in FT and non FT Finance
- Financial reporting



Finance risk rating

In order to ensure that an FT remains financially viable, Monitor assigns a financial risk rating (FRR) to each FT. It is based on its annual plan and performance during the year.

The total risk rating score is based on four main criteria as shown on the right.

For each criterion a score of 1 to 5 is awarded.

The four criteria

- achievement of plan
- underlying performance
- financial efficiency
- liquidity.

1 = A high risk of a significant breach

5 = A low risk with no financial regulatory concerns

This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 4 Service improvement level 3
- Core 5 Quality level 3
- G3 Procurement and commissioning level 3
- G4 Financial management level 3

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Introduction to Primary Care Finance

Module Aim

This module aims to provide an introduction to primary care finance in the NHS in England. It is aimed predominantly at non finance professionals including primary care clinicians, practice staff, operational managers, budget holders, business managers and non executive directors but is also suitable for finance staff new to the NHS.

Learning Objectives

To develop an awareness and understanding of how primary care gets its funding and what that funding is used for.

NB. By primary care, we mean those professionals that provide care to patients e.g. GPs, opticians, dentists etc, not the PCTs that commission their services. The funding of PCTs is covered in the Introduction to NHS finance module.

Module syllabus

The Primary Care System

- What is primary care?
- Who provides primary care
- How is primary care funded
- How primary care fits into the NHS
- How much is spent on primary care?
- Primary care spending – prescriptions
- Primary care spending – providers

Contracting in Primary Care

- Medical services
- Other services
- Dental services
- Ophthalmic services
- Pharmacy services

Payments to GPs

- Global sum
- Global sum adjustments
- The correction factor
- Quality and Outcomes Framework
- Seniority
- Superannuation
- Premises
- Other ad hoc payments

Enhanced Services

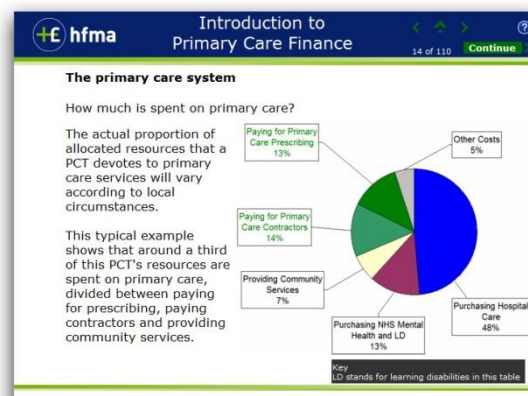
- Who provides enhanced services?
- Types of enhanced services
- Directed enhanced services
- National enhanced services
- Local enhanced services
- How are enhanced services funded?

Funding of dental ophthalmic and pharmacy services

- How dental, ophthalmic and pharmacy services are funded
- Dental services
- Ophthalmic services
- Other primary care services

Recent Developments

- Value for money in primary care
- PBC – practice based commissioning
- PbR – payment by results
- Private contractors
- Future developments



This module provides relevant underpinning knowledge for the following KSF dimensions:

Core 4 Service improvement level 3
G3 Procurement and commissioning level 3

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Introduction to Business Cases

Module Aim

This module aims to provide an introduction to business cases in general and how they are used in NHS organisations. It is aimed predominantly at non finance professionals including operational managers, general practitioners, budget holders, business managers, clinicians and non executive directors but is also suitable for finance staff new to the NHS.

Learning Objectives

To develop an awareness and understanding of business cases, why they are important and how they are used in NHS organisations.

Module syllabus

What is a Business Case?

- An everyday example
- What does a business case do?
- How is a business case used?
- Commercial and public sectors
- A general definition

Components of a Business Case

- The purpose of the business case
- The components of a business case
 - Executive summary
 - Strategic/business fit
 - Scope, approach and assumptions
 - Options appraisal, financial and non financial
 - Preferred option
 - Delivery/implementation
 - Recommendations

Business Cases in the NHS

- Business cases in the public sector
- Stewardship of public money
- Financial governance in the NHS
- The concept of public sector "value for money"
- NHS "five case" model

Business Cases that work - Managing Change

- Stating the case for change
 - Vision, the outcome
 - Scope of the change
 - Key roles and stakeholders
 - Capacity for change
 - Development of plans

Business Cases that work – Appraising the Options

- Financial factors
 - Capital cost of the investment
 - Revenue income and costs
 - Costs of changing the way things are done
 - Monetary value of risks where this can be assessed
- Non financial factors

Business Cases that work – Procurement Options

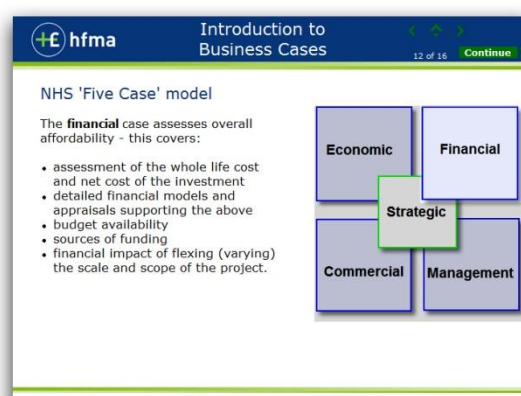
- Procurement and sourcing
- Sources of funding
- Implementation
- Delivery

Business Cases that work – Managing Risk

- Risk management – the principles
- Analysing risk
- Risk management for every business case

Business Cases that work – Keys to Success

- The key to a successful Business Case
- Key principles for success
 - Strategy - leadership - simplicity - planning
 - Skills - good practice - decision making
 - Stakeholders - endgame - impacts - success



NHS 'Five Case' model

The **financial** case assesses overall affordability - this covers:

- assessment of the whole life cost and net cost of the investment
- detailed financial models and appraisals supporting the above
- budget availability
- sources of funding
- financial impact of flexing (varying) the scale and scope of the project.

The diagram shows four boxes: Economic, Financial, Commercial, and Management, with a central box labeled Strategic.

This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 1 Communication level 3
- Core 4 Service improvement level 3
- G3 Procurement and commissioning level 3
- G4 Financial management level 3
- G5 Services and project management level 3

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Introduction to Costing

Module Aim

This module aims to provide an introduction to costing in the NHS and assumes that the learner has no prior knowledge of what costing is or what it involves. The course is therefore suitable for both new finance staff and those who work in other areas of an NHS organisation including clinicians, general practitioners, operational managers, non-executive directors and governors.

Learning Objectives

To develop a basic understanding of what costing involves and how it operates in the NHS.

Module syllabus

What is Costing

- Why costing is important
- How costing is defined
- Cost types – direct, indirect and overhead
- How costs behave – fixed, semi-fixed and variable
- Costing approaches.

Costing Principles in the NHS

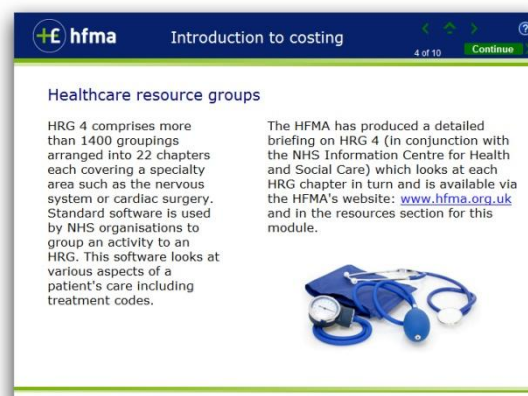
- Cost centres
- The NHS Costing Manual
- Cost classification
- Cost pools.

How Costing Works in Practice

- Healthcare resource groups (HRGs)
- Specialty costing
- Procedure costing.

How Costing Information is Used

- Service line management/ reporting
- Patient level costing and information systems
- Reference costs
- Payment by results
- Programme budgeting.



This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 5 Quality level 3
- IK2 Information collection and analysis level 2
- G3 Procurement and commissioning level 3
- G4 Financial management level 2
- G5 Services and project management level 3

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Understanding the Accounts (PCTs)

Module Aim

This module aims to provide an introduction to understanding and interpreting an NHS Primary Care Trust's annual accounts. It is aimed predominantly at non finance professionals, general practitioners, and is particularly relevant to non executive directors. It is also suitable for finance staff new to the NHS.

Learning Objectives

To develop an awareness and understanding of the purpose and structure of the annual accounts for NHS PCTs and to appreciate why they are important and how they should be interpreted.

Module syllabus

What are the Annual Accounts?

- What are the annual accounts and who are they relevant to?
- Un-audited and audited accounts
- Role of the board
- Role of the audit committee
- Role of the auditor

What's in the Accounts?

- Four primary statements
 - Operating cost statement
 - Statement of financial position
 - Statement of cash flows
 - Statement of changes in taxpayers' equity
- Notes to the accounts
- Statement on internal control
- Directors statement of responsibilities
- Auditors report

The Operating Cost Statement

- What is it and what does it show?
- Resource allocation
- Revenue expenditure
- Commissioning and provider functions
- OCS structure
- Miscellaneous income
- Gross operating costs
- Depreciation
- Cost of capital

The Statement of Financial Position

- What is it and what does it show?
- Assets
- Liabilities including borrowings
- Working capital
- The two halves of the SOFP
- The general fund

The Statement of Cash Flows

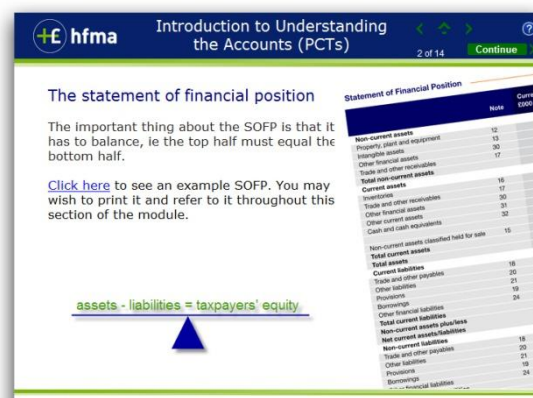
- What is it and what does it show?
- Operating activities
- Investing activities
- Financing activities
- Finance leases, PFI and LIFT
- Calculating the cash flow resulting from operating activities

The Statement of Changes in Taxpayers' Equity

- What is it and what does it show?
- Prior period adjustments

Financial Targets

- Revenue resource limit (RRL)
- Capital resource limit (CRL)
- Full cost recovery duty



The screenshot shows the 'Statement of Financial Position' section of the e-learning module. It includes a table with columns for 'Note' and 'Current £000'. The table lists various assets and liabilities, including Non-current assets, Current assets, Total current assets, Total assets, Current liabilities, Other liabilities, Provisions, Other financial liabilities, Total current liabilities, Total current assets plus/less, Non-current assets/liabilities, Total non-current assets/liabilities, Other liabilities, Provisions, Borrowings, and Financial liabilities.

This module provides relevant underpinning knowledge for the following KSF dimensions:

- Core 4 Service improvement level 3
- Core 5 Quality level 3
- G4 Financial management level 2
- G5 Services and project management level 3

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