HFMA response
February 2021

The HFMA's response to *draft NHS standard contract 2021/22: a consultation*

Who we are

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

Key changes

Changes to reflect updated national policies

Interface with primary care - service condition 3.17

We propose to include a new requirement for each provider to publish a self-assessment of its performance against the existing interface with primary care requirements and to agree and implement an action plan to address any deficiencies.

The HFMA does not support this proposal.

The requirement to complete and publish a full self-assessment seems onerous and some members have expressed concern that the process could damage emerging relationships. This may be an

area for local systems to review and develop action plans as appropriate, rather than national mandation.

If it is included as a new requirement, members have told us that the deadline of 30 June 2021 for the first publication is not achievable for providers due to the current Covid pressures.

Collaborative work in integrated care systems - service condition 4.6

The contract already contains a requirement on commissioners and providers to work together to deliver their local system plan and in support of the NHS's "triple aim" of better health, better care and financial sustainability. We propose to strengthen this by including a specific reference to active participation in, and constructive mutual support and challenge to and from members of, the local integrated care system.

The HFMA supports this proposal.

Remote consultations - service condition 10.5

We propose to add a requirement for providers to offer patients, wherever clinically appropriate, a choice between a remote consultation and a face-to-face one.

The HFMA supports this proposal.

Covid has shown that this is achievable as a short-term response, but it is essential that the necessary funding is available to maintain the licences and systems needed. There is also a need to understand the implications of remote consultations for different patient groups.

Tackling health inequalities - service conditions 13.9-10 and schedule 2N

We propose to amend the contract to require each provider to identify a board-level executive responsible for overseeing the provider's actions to address and reduce health inequalities. We also propose to add a new health inequalities action plan schedule to the particulars.

The HFMA supports this proposal.

We recognise the importance of reducing health inequalities. Every organisation within a system has a responsibility to address this.

Green NHS - service condition 18 and definitions

We intend to continue to strengthen the requirements in the Contract on green issues by adding requirements on providers to:

- **identify a board-level officer accountable for actions to deliver on 'Net Zero' commitments**
- **ensure all electricity purchased is from certified renewable sources**
- **implement further measures focused on the reduction of harmful greenhouse gases and air pollution.**

The HFMA supports this proposal.

We agree with the intention of these requirements, but recognition of the potential increased costs is needed when considering funding envelopes and value for money assessments.

Evidence-based interventions - service condition 29.28-31 and definitions

National guidance on a second set of 31 additional interventions has now been endorsed by NHSE/I and published on the Academy of Medical Royal Colleges website. We propose to adapt the contract wording and definitions to include appropriate reference to this second set of guidance.

The HFMA supports this proposal.

Members have told us that current activity coding does not allow identification of all 31 additional interventions and they would not be able to evidence compliance. With the move to blended payments and the proposed removal of financial sanctions, this list should form the basis for local service improvements rather than adding a 'hidden' sanction.

Changes to support primary care networks

Enhanced health in care homes - particulars schedule 2Ai, service condition 4.10

Contract requirements for enhanced health in care homes came into effect gradually during 2020/21 – so we now propose to update Schedule 2Ai to remove references to actions which were to have taken place in 2020/21 and to make clear that these are now ongoing requirements for 2021/22.

The HFMA supports this proposal.

We support this, but while good progress has been made in the development of multi-disciplinary working in PCNs, it may be necessary to recognise that progress has not been as swift as expected and not all requirements will have been met by the start of 2021/22, due to Covid pressures.

Primary and community mental health services – particulars schedule 2Aiii

Our members have highlighted that it is unlikely that any mental health providers will be in a position to supply the roles set out in the schedule from 1 April 2021 as timescales are insufficient for recruitment, even if appropriately trained staff are available to fill them. While the contract states that provision can be from a later date, greater clarity around this is requested.

The provision of these roles will also be impacted by available funding. It is unclear if there will be additional funding to support these roles for mental health providers, where costs will be greater than the direct employment costs set out in the draft contract due to corporate overhead costs of employment.

Members have also raised concern about whether investment in these roles will be counted towards the achievement of the MHIS, which would reduce the available funding to address other areas of mental health provision.

Changes relating to people issues

Black, Asian and minority ethnic representation - service condition 13.7

We propose to require each provider to publish a five-year action plan setting out how it will ensure that the level of black, Asian and minority ethnic representation in its board and senior workforce will reflect that in its overall workforce, or in its local community, whichever is higher.

The HFMA supports this proposal.

The HFMA and Future-Focused Finance are already supporting the finance function to understand and improve diversity and representation.

NHS people plan - general condition 5.1

We propose to amend the Contract wording to make it clear that providers must implement the actions expected of employers as set out in the NHS people plan.

The HFMA supports this proposal.

Violence prevention and reduction standard - general condition 5.9

We propose to add a requirement on providers to have regard to the new NHS Violence prevention and reduction standard.

The HFMA supports this proposal.

The standard requires twice yearly board assurance of meeting the requirements – should this be set out more explicitly in the conditions?

Workforce sharing - general condition 5.12

NHSE/I have published an enabling staff movement toolkit, which provides suitable documentation to support workforce sharing between organisations. We propose to add a requirement that, where providers intend to agree workforce-sharing arrangements, they should do using the toolkit documentation.

The HFMA supports this proposal.

We support the recognition and elimination of potential wasted resource through the repetition of training when staff are shared between organisations.

Changes to simplify financial aspects of NHS contracting

Contract sanctions and financial improvement trajectories

Removal of financial sanctions for failure to achieve national standards - schedules 4A, B and C; SC36.37-38; GC9.26

We propose to remove from the contract nationally set sanctions on providers for failing to achieve national quality and performance standards. This will be more consistent with today's emphasis on collaborative working at integrated care system level.

The HFMA supports this proposal.

We support the move to a more collaborative approach.

Reduced frequency of financial reconciliation - SC36.28-35; SC28.18-23; GC9.12-25

NHS payment rules under the National Tariff Payment System now place greater emphasis on fixed payments for many providers/services, with much less variation in relation to actual levels of activity in-year. We propose to reduce the frequency of financial reconciliation required under the Contract from monthly to quarterly, thus reducing the administrative burden.

The HFMA supports this proposal.

We support the reduction of administrative burden. However, activity levels after the pandemic surge may not reflect the basis that the contract has been let on. Therefore, it may be necessary to retain monthly reconciliations in the short term while the system finds its new steady state.

Technical improvements and other smaller changes

Counter-fraud arrangements - service condition 24

The NHS Counter-Fraud Authority (NHSCFA) will be publishing revised counter-fraud requirements in line with the new government functional counter-fraud standard. We propose to amend the contract provisions accordingly.

The HFMA supports this proposal.

System collaboration and financial management agreement

System collaboration and financial management agreement

The contract continues to require, at service condition 4.9, that CCGs and NHS trusts / foundation trusts will sign, and act in accordance with, an overarching system collaboration and financial management agreement (SCFMA), setting out how they will work together to deliver system financial balance.

A slightly updated model SCFMA, for local adaptation, is published on the NHS standard contract 2021/22 webpage. We welcome feedback on the model SCFMA.

Some members have responded that the SCFMA has been overtaken by the realities of ICS financial envelopes, aggregate financial planning and monitoring. These are actively developing the joint working that the SCFMA was created to define, meaning that the SCFMA is no longer required in some cases.

However, the SCFMA could have a role in clarifying the levels where decisions are made and where accountability lies.

Other comments

NHS England would welcome further suggestions for improving the contract. Please add any further comments you may have below.

Members have expressed concern about inconsistencies between the documents which relate to the MedTech mandate.

The contract states that providers must follow the MedTech mandate, the guidance for which refers to the payment system/ national tariff guidance. As the national tariff guidance is effectively suspended and does not apply, there is no reference to the newer items which have been mandated.

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