

The HFMA's response to the GMC's Consultation on Good Management Practice: guidance for all doctors - May 2011

Please note, our response covered only those questions that were of direct interest to the Association.

Paragraph 4 includes new guidance for all doctors that they should be familiar with financial allocation in their organisation and the basics of financial management.

Question 5. Do you think it is realistic to impose this duty on all doctors?

Yes – in our view, all doctors (whatever their background or area of expertise) have a role to play in ensuring effective financial management and value for money in the use of resources. To be able to do this, we would suggest that the duty should extend slightly further than a familiarity with 'financial allocation in their organisation and the basics of financial management'. In our view, this familiarity should cover:

- how the NHS as a whole is funded
- how their own organisation fits into the NHS structure
- how NHS organisations are held to account for their actions and for the money they spend (including the relevant statutory financial duties)
- financial management techniques (including budgeting, financial planning and financial control)

This is not to say that we believe all doctors should have an in-depth knowledge of financial issues but that they should have sufficient understanding to underpin their role in committing resources and to recognise that using those resources well will contribute towards better services for their patients. In this context, the HFMA is particularly pleased to see that the consultation draft recognises the importance of doctors demonstrating 'leadership in the management and efficient use of resources'. In our view, it is essential that clinicians play an active role in this area – a point that was made in our 2009 joint statement *Clinicians and finance: improving patient care* – which stated that 'money will only be used well **if clinicians are fully engaged in managing it**'. In our view imposing a specific duty on doctors in the way you propose will serve to emphasise the importance of financial awareness and give it the prominence it deserves.

One example of where we think this financial understanding should extend beyond financial allocations is the area of costing. Patient level costing information, presented in a clear way, can help clinicians to understand where costs arise in patient pathways, to identify waste and assess opportunities for quality improvements and future savings. However robust cost information can only be established if clinicians engage in the costing process, helping to refine data and informing allocation and apportionment approaches.

We also welcome the emphasis placed on requiring doctors to ensure that they are 'competent and have the necessary training or advice for any financial responsibilities that are part of their role'. The HFMA would be happy to work with the GMC to provide access to suitable training

opportunities that will help doctors in this area. We have already produced a series of three briefings aimed at GPs that explain how taxpayers' money reaches front line services in the NHS, how budgets and budgeting may work for consortia and how payment by results operates. We also have web-based e-learning modules that introduce and explain key aspects of NHS finance such as funding, governance and practice based commissioning.

The guidance sets out broad principles that apply to doctors when they are planning, using or managing resources, including when involved in commissioning services. The proposals in the Health and Social Care Bill will, if implemented, mean changes to the role of GPs in England in relation to the commissioning of services. We do not give detailed advice on commissioning as we consider that the principles about the planning, use and management of resources will be the same regardless of doctors' specific role in commissioning or where in the UK they work.

Question 6. Do you agree that the same principles apply?

The HFMA agrees that the broad principles underpinning the planning, use and management of resources apply to decisions about commissioning services. However, in our view there are a number of additional skills that will be important in relation to commissioning as outlined below.

If not, please tell us what different principles you think apply to decisions about commissioning.

In the HFMA's view, the focus for commissioning is on achieving the best possible health outcomes (including reduced health inequalities) and the best possible healthcare within the resources made available by the taxpayer. To be able to do this, commissioning consortia need to agree what care the patients registered with their constituent practices require, negotiate contracts with healthcare providers and monitor their implementation. This in turn means that each consortium will need to prepare a commissioning plan before the start of each year that shows how it intends to use its budget and improve outcomes for patients.

The HFMA would therefore suggest adding the following principles to those already outlined in the draft document:

- Continuous service planning involving setting local priorities based on work with local authorities to determine the joint strategic needs assessment and identifying gaps or areas where change is needed
- Access to information and skills that will support commissioning decisions (for example, population risk assessments)
- Performance management – both of providers of healthcare and within the consortium to ensure that commissioning expenditure remains within budgets
- Negotiation skills to ensure that contracts deliver the services and quality improvements required. This will also be important if consortia nominate a lead consortium to place contracts on their behalf for a specific service or pathway.

Paragraph 9 of the draft guidance gives advice and sets out the steps for all doctors on making decisions about the allocation of resources, particularly where resources may be limited.

Question 7. Can you think of any other factors that doctors should take into account when allocating resources?

The HFMA welcomes the principles set out in paragraph 9 of the draft guidance, recognising the need for decision-making to be open and transparent. Consortia will also be required to justify on an ongoing basis that they are using public money wisely and effectively and that they are operating with utmost probity.

However, any decision-making process should also give due and frequent consideration to the total funding available to the consortium as a whole as well as its year-to-date financial performance – overspending in one area may lead to the need for compensating savings

elsewhere if the consortium is to stay within its allocated funding. For example, if a practice overspends against its prescribing budget there will be pressure on it (and potentially on other practices within a consortium) to spend less in other areas in order to bring things back in line.

In our view, regular and timely consideration of both financial and non-financial information is fundamental to effective decision-making and we would welcome its inclusion within paragraph 9. In particular, doctors commissioning services will need to understand when and why actual income and expenditure has deviated from the original plan so that corrective action can be taken if needed.

This issue was covered in our second GP briefing – *Budgeting and budgetary control for GP consortia* – and is also included within our suite of e-learning modules.

Paragraphs 11 to 13 give advice for doctors with management roles or responsibilities about what they should do if management decisions about allocation of resources conflict with their primary duty of a doctor.

Question 8. Do you agree that these are the appropriate steps for doctors to take when faced with a conflict between their managerial responsibilities and their primary duty to patients?

The HFMA believes that there should be clear, unambiguous guidance for doctors to follow when faced with conflicts between their managerial responsibilities and their duty to patients. In our view, the steps set out in paragraphs 11 to 13 of the draft guidance are reasonable but it is important that doctors feel able to follow them and escalate their concerns when necessary. We would suggest that there should be a written policy within each consortium making the steps and escalation process clear to all.

We are pleased to see that the draft guidance recognises the contribution that ‘professional services, including audit’ can make – it is important that doctors feel able to seek advice from other professionals as and when it is needed. It would also make sense to draw on the competencies and knowledge that have been built up within PCTs and SHAs in relation to world class commissioning, risk management and organisational development.

The HFMA also welcomes the reference to the need for sound systems for monitoring financial and management information. In our view, such systems should be viewed as part of the overall framework of governance that should underpin all that an organisation does and so should not be viewed in isolation. In particular, it is important that patients’ views on the use and allocation of resources are balanced against other relevant reviews and third party assurances.

Question 9. Do you have any other comments about the guidance on planning, using and managing resources (paragraphs 3 to 16)?

The HFMA believes that rigorous governance and accountability arrangements are required to ensure that healthcare funds deliver the best outcomes and value for money. In our view this means that every organisation (including consortia in the future) should adhere to basic minimum governance standards that underpin all that an organisation does. Whilst the draft guidance alludes to the importance of probity in the use of public money and the establishment of effective systems (paragraphs 14 to 16) we would like to see strengthened guidance in this area to cover values, structures and processes. The HFMA has produced guidance in this area and would be happy to share it with the GMC if that would be helpful. It is also the subject of our fourth GP briefing which will be released in June/ July.

On a wider issue, we believe that a basic understanding of financial management, how money flows around the NHS and the close link between clinical decisions taken and resources consumed is vital for all clinical practitioners, including GPs, hospital doctors, nurses and technicians. In our opinion, there would be huge benefits derived for the NHS as a whole if training for clinicians covered these issues with regular refresher sessions throughout their careers.