

What does the NHS long-term plan mean for the finance function?



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Since the *NHS long-term plan*¹ was published in January 2019, the HFMA's members have been considering the implications for their systems, organisations and teams. This briefing examines the main areas in each chapter. The impact on the finance function is considered for each part, together with how the HFMA can support members to meet the challenges and opportunities ahead.

Introduction

The HFMA has been working with members to assess the implications of the *NHS long-term plan* (the Plan) for finance teams. Views have been collected from the faculties and committees that represent the wider membership and combined with comments from the Board of Trustees through the Policy Summit held in February 2019.

The areas included in this briefing represent the outcomes of these discussions. Although further detail is expected as part of additional planning guidance in the summer and in the spending review later this year, the Plan sets a clear direction of travel. Organisations need to embrace this and start working on their own solutions now, including considering the role of the finance function.

The HFMA has already produced a number of resources that can support members, and these are highlighted where relevant. As the association's 2019/20 policy and technical work programme is developed, all members will be able to comment on areas that might be missing or would be helpful, and can share their views on the implications for their particular area of work.

This briefing highlights the key points in each chapter of the Plan and what they mean for the finance function. The

implications are split into four main areas, highlighting the need to develop new relationships; gain new knowledge; learn new skills; or use new technology. These are indicated for each section using the symbols below:



New relationships



New knowledge



New skills



New technology

This briefing will enable finance staff to identify where both personal and organisational development is needed and how the HFMA supports the profession to meet the challenges posed and the opportunities ahead.

¹ NHS England, *The NHS long-term plan*, January 2019

A new service model for the 21st century

The first chapter of the Plan sets out how services could be delivered differently to improve care for patients and address system pressures that are often linked to inequity of provision. The new service model seeks to be more joined up and coordinated; to be more proactive in the services provided to support people to stay healthy; and to be more differentiated in its offer to individuals.

Expansion of integrated care systems



Overview

The Plan sets the ambition for the whole of England to be covered by integrated care systems (ICSs) by April 2021, building on the current network of sustainability and transformation partnerships (STPs) and those areas that are already developing ICS models.

ICSs seek to create partnership working between the multitude of organisations in a local area that contribute to supporting population health and wellbeing. NHS organisations, both commissioner and provider, will work with local authorities, primary care and community bodies to make shared system level decisions around how to use resources and deliver services to the best effect.

The Plan suggests that this model will typically involve a single clinical commissioning group (CCG) for each ICS area, with the commissioning bodies becoming leaner and more strategic. The Plan encourages strong system governance arrangements to be developed, and reference is made to a new ICS accountability and performance framework.

Implications for the finance function

For some finance staff, the ambitions for ICSs in the Plan represent a big change in working practices over the next two years. It is possible that staff will find themselves working for other organisations, or yet to be created organisations, while still carrying out a similar role to now.

For those working in CCGs, the Plan suggests that there may be significant change to come as CCG numbers reduce and organisations become leaner. However, the skills and knowledge of the staff in these organisations will still be in demand in an ICS. Improving population health requires an understanding of need, the ability to model a range of scenarios, facilitate service transformation and provide assurance of effectiveness. New payment models, new assurance frameworks and new contract forms will all require the skill sets currently found in NHS finance teams, but the roles

may be undertaken in an organisational landscape that looks and feels different. This landscape is already changing with the closer working of NHS England and NHS Improvement. This means that finance staff at a local level may be liaising with unfamiliar regulators and will need to support their organisation and system to meet new requirements, such as closing the gap between organisational and system-level plans.

The move to closer integration will also require finance staff to develop a greater understanding of the wider health and care system. Understanding the local government financial regime will help staff to work together well, as competing legislative demands can mean that timescales and reporting requirements in one part of the system do not fit with others. This equally applies for finance staff in local government who will be working with NHS colleagues to develop holistic system approaches. Closer integration will also present opportunities for those working in NHS finance to get a broader perspective, with scope for secondments across organisational boundaries and more varied training programmes for finance trainees. Finance staff will play an important role in ensuring that the wider organisation understands the implications of decisions and the impact on the financial position.

The ICS model is built on the principle that all organisations work together, meeting a system control total in order to deliver care where it is needed rather than operating in organisational silos. This presents a number of challenges for finance teams across all parts of the NHS, who are required to report, and defend, their organisation's financial position. It will be crucial for finance teams to understand the governance of the system that they are working in, where responsibility sits, and which elements of their role cannot be delegated to the system. Greater clarity and understanding of financial flows will be required, not just within the system but also those that cross system boundaries.

The combining of organisations into an ICS footprint will mean reporting needs to be carried out at a number of levels. System and organisation level reporting have already been covered, but finance teams may also need to report at a place-based or neighbourhood level to support the intention to provide locally tailored services for a population. With staff working at all of these different levels within an ICS, the finance function holds a key role in providing a link within the system, ensuring board members, clinicians and other teams are kept informed of progress and issues that may affect work across the ICS.

Resources available from the HFMA

The HFMA has published a number of briefings that consider the governance issues that health and care systems have to address and the practicalities of operating at a system level rather than within a single organisation:

- HFMA, *How do you ensure robust system risk management arrangements?* December 2018
- HFMA, *How do you support effective system decision-making?* November 2018
- HFMA, *How do you align resource plans across the system?* October 2018
- HFMA, *Sustainability and transformation partnership governance survey*, March 2018
- HFMA, *Sustainability and transformation partnerships – developing robust governance arrangements*, October 2017
- HFMA, *Emerging approaches - developing sustainability and transformation plan governance arrangements*, March 2017

The HFMA's *NHS corporate governance map* provides links to tools and guidance across a number of themes, including a section that focuses on system governance:

- HFMA, *NHS corporate governance map*

The HFMA's System Finance Special Interest Group has been established to enable members working at a system level, as well as in an individual organisation, to share good practice and learn from peers.

Through joint work with CIPFA, we enable members to understand the issues facing local government and how the two parts of the system can work effectively together. A recent joint publication with CIPFA has considered what it means to be the director of finance for both a health body and a local authority:

- HFMA and CIPFA, *Guidance for chief finance officers working across health and local government*, February 2019
- HFMA and CIPFA, *Glossary for NHS and local government finance and governance*, November 2017 (to update 2019)

The HFMA worked with PwC to consider how money needs to flow in the health and care system in order to support more integrated working. A survey carried out to support this research identified that 76% of members think that the current financial structures in the NHS are not fit for purpose and should be aligned with the emerging place-based architecture:

- PwC and HFMA, *Making the money work in the health and care system*, June 2018

If the development of ICSs does result in organisational changes, the HFMA has produced a checklist of the areas that need to be considered:

- HFMA, *Combining NHS bodies – a practical checklist for mergers and acquisitions*, November 2017
- HFMA, *Accounting for joint working arrangements*, June 2017

Focus on 'out-of-hospital' care



Overview

The Plan commits to increased investment in primary medical and community health services, recognising the key role they play in helping people to stay well and independent. This funding seeks to tackle demand pressures, expand the workforce and support the Plan's ambitions for service change. It is envisaged that these challenges will partly be met through expanding multidisciplinary teams to include a wider range of staff such as GPs, pharmacists, social care and the voluntary sector. The Plan expects improvements in community crisis care and an expansion of services delivered in the community.

Implications for the finance function

For staff working in trusts that deliver community health services, the additional funding will be a welcome boost, however we do not know when it will arrive or how much it will be. It is also likely to come with caveats and, as for the additional mental health investment in previous years, it is probable that there will be greater demands on monitoring and reporting against the use of these funds.

Many organisations already operate a multidisciplinary team model but their make-up can vary. The Plan sets out aspirations for the membership of these teams and the footprint over which they operate. This may result in changing internal organisational structures and service redesign, both of which will require support from finance staff in order to plan effectively. Robust business cases for change will need to be developed and will require input from many areas of the organisation, drawing on team working and negotiation skills. Organisations will need to fully understand their current service models, and the potential impact of changing them, both for patients and the trust.

Resources available from the HFMA

The HFMA's new Healthcare in the Community Special Interest Group is formed of senior finance staff from organisations that deliver community services. It focuses on issues that affect healthcare delivered in community settings and seeks to ensure that the wider health and care sector recognises the value of these services. The group is working on a series of briefings that consider how community services add value to the health care system. These briefings will cover the role of community services in providing alternative settings for acute type services; how community services contribute to prevention; and their role as a system integrator. The first of these has been published:

- HFMA, *The value of community services: comparison with acute settings*, March 2019

The Healthcare Costing for Value Institute within the HFMA, has produced a number of patient-level costing and information system (PLICS) toolkits that support finance teams to understand the resources consumed by the service models in operation and the implications of changing them. These cover different sectors, including community services:

- HFMA, *PLICS toolkits*, 2019

Development of primary care networks



Overview

Primary care networks (PCNs) are seen as essential to underpinning ICSs, and all GP practices are expected to be part of one by July 2019. PCNs are geographical networks of GP practices that will employ staff such as clinical pharmacists, physiotherapists and social prescribing link workers to create multidisciplinary teams within primary care who can deal with many of the issues that result in a person making an appointment.

It is expected that the wider community service provision discussed above will be reconfigured to work on PCN footprints, so that links and referrals are straightforward.

Implications for the finance function

PCNs are supported by new investment identified in the Plan, but still require CCGs to commit recurrent funding to them. While some elements of funding have been set out, such as NHS England salary support for specified roles within PCNs, other areas are still to be clarified.

The establishment of networks that have previously been voluntary will result in a change to GP contracts, and the quality and outcome framework (QOF) will undergo significant change. Those staff involved in primary care co-commissioning will need to fully understand the financial flows and the subsequent contract monitoring required, both to work effectively and to communicate the new requirements to the wider system.

Resources available from the HFMA

Members of the HFMA's Commissioning Faculty will be monitoring the impact for their organisations and any resultant issues will be investigated as part of the 2019/20 faculty work programme.

Some areas have begun to look at subsidiary companies as a means of tackling the shortage of primary care provision, among other things. The HFMA has considered the finance and governance requirements of such arrangements:

- HFMA, *Subsidiary companies: financial and governance considerations*, December 2018

Expansion of personalised care



Overview

The Plan continues NHS England's commitment to give people more choice and control over their care, setting out the expansion plans for personalised care in England. This approach supports people to manage their own health through the delivery of person-centred care, which includes the spread of social prescribing and an acceleration of the roll-out of personal health budgets.

Implications for the finance function

Finance staff in CCGs will already be familiar with personal health budgets as they have been available in NHS continuing healthcare (CHC) for some years. The expansion plans mean that more people will have access to this approach across a wider range of conditions. Financial procedures and risk management approaches need to be adapted to allow this change to produce the desired outcomes for people, while still meeting the financial probity expected.

For those working in provider organisations, interaction with personal health budgets will become more likely and an understanding of how they work will be required to ensure that finances flow correctly.

The universal personalised care model is being recognised in many parts of health and care, with social prescribing in general practice and contractual requirements for providers to include provision for personalisation. For finance staff involved in service transformation, the differing delivery models need to be recognised as they will have an impact on both the type of staff needed to provide a service and the time required to deliver it well.

Resources available from the HFMA

Personalised care is a regular feature on agendas for HFMA events, considering both the system perspective and that of patients. The HFMA has also published a how it works guide to set out the basic principles of personal health budgets:

- HFMA, *How it works – personal health budgets and integrated personal budgets*, November 2018

More NHS action on prevention and health inequalities

The Plan recognises that prevention of avoidable illness and exacerbations is fundamental to addressing demand for NHS services. However, with responsibility for many local preventive services sitting with local government, this chapter sets out the actions that the NHS can undertake to support people to stay healthy.

Increased focus on prevention



Overview

The Plan sets out action for the NHS on smoking, obesity and alcohol. Smoking cessation offers will be available by 2023/24 for all those admitted to hospital, expectant mothers and their partners, and long-term users of specialist mental health services. The focus on obesity will concentrate on diabetes prevention services, with a doubling of the NHS diabetes prevention programme over the next five years. Hospitals with high rates of alcohol-related admissions will be supported to establish alcohol care teams.

Implications for the finance function

Finance staff have a key role to play in enabling the prevention actions to be effective, through building relationships with public health and local authority colleagues to deliver the service changes.

Developing a business case to invest in prevention is challenging as pay-back periods can be lengthy and the financial benefits may be in a different part of the system to that which incurs the cost. It is essential that finance teams can work across organisations to develop system-wide business cases that can support improved population health.

Resources available from the HFMA

The HFMA has been working with NHS Improvement and others to develop thinking around smoking cessation tariffs:

- HFMA, *Smoking cessation: making a real difference*, February 2019

The HFMA continues to link with Public Health England through our programme of events, to ensure that members are aware of work that is being undertaken and how it can support their own organisational efforts.

Work is currently being undertaken to determine the data required to understand the value of services for the population as a whole, rather than looking at specific outcomes.

Tackling health inequalities



Overview

Reducing health inequalities has been a long-held ambition of the NHS, yet significant differences still exist in mortality and healthy life, linked to deprivation, ethnicity and disability. CCG allocations have recognised the areas with the greatest inequalities and unmet need, and goals will be set to address them. This section of the Plan sets out how the NHS will support local areas to address inequalities; focusing on vulnerable mothers and babies, severe mental illness, learning disabilities, autism, homeless people, gambling addiction and carers.

Implications for the finance function

CCGs that receive additional health inequality funding are required to set out exactly how the funding is being targeted to improve equity of access and outcomes. Nationally, NHS England will work with Public Health England and others to develop a list of interventions that can contribute to the goal of reducing health inequalities. These may result in resources being used differently in local areas and potential service redesign to ensure that the requirement to reduce inequalities is being met.

Resources available from the HFMA

Health inequalities have an impact on every facet of NHS provision and work in this area will be shared through events and the HFMA's networks.

Further progress on care quality and outcomes

Over the last 10 years, NHS plans have targeted specific diseases and conditions to improve treatment and mortality rates. The Plan reaffirms the NHS's commitment to the existing agenda but increases focus in a number of areas where there is variation in service quality or significant unmet need.

Focus on children and young people



Overview

The health and wellbeing of children and young people will influence the future of our country and determine demand for the NHS and other public services. The prevention and health inequalities chapter of the Plan considers how to improve maternal health and early years provision and the focus on maternity services is increased when considering care quality and outcomes. However, long term conditions in children are significant, and mental health issues and obesity are an increasing problem.

The Plan sets out a commitment that funding for children and young people's mental health services will grow faster than other mental health spending. Given the commitment that other mental health funding will also grow faster than overall NHS funding, this could represent significant investment. The Plan sets out areas that the funding is intended to support, such as community-based mental health services, eating disorders and crisis support.

Mental health support in schools and colleges will also be expanded in line with the *Children and Young People's Mental Health Green Paper*².

NHS England is creating a children and young people's transformation programme to ensure national focus on the specific needs of this age group, including use of emergency departments, long-term conditions and the transition from child to adult services.

Implications for the finance function

The mental health investment standard (MHIS) already requires CCG finance teams to report mental health spend. With the commitment to increase a specific section of this, and accelerate investment, the reporting requirements are likely to become more complex. As a health and care system, it is important to work across organisations to ensure that the investment is reaching the intended areas and having the

impact required. Many children and young people's services sit with local authorities, so integrated working continues to be essential. However, the focus on mental health services also recognises the importance of the education system in delivering care, which means finance staff need to develop an understanding of how the NHS can work effectively with schools and colleges.

The increasing national focus on services for children and young people is likely to translate to local priorities and may require new services to be developed or the provision of existing ones to be altered.

Resources available from the HFMA

The HFMA's Mental Health Faculty considers the challenges facing mental health providers in delivering good outcomes for the population. The increased focus on children and young people will be addressed in the 2019/20 work programme and has already been featured at HFMA events.

The Healthcare Costing for Value Institute considers value and the outcomes that matter to people across the full breadth of their work. The Institute's activities include events and roundtables, as well as published case studies.

Increased mental health funding



Overview

The Plan reaffirms NHS England's commitment to investing in adult mental health services and continues to focus on the areas included in *Implementing the five year forward view for mental health*³, such as psychological therapies, crisis support and suicide prevention. This focus has, in some cases, led to reduced investment in more general community mental health services which are essential to support people to avoid crisis and stay well.

The Plan recognises this and, as part of the work on developing community care, states that new models of integrated primary and community care will support adults with severe mental illness. In addition, 24/7 community-based emergency response is required in all areas by 2020/21.

Yet to be announced capital funding is earmarked to improve the physical environment of psychiatric inpatient wards, and new waiting time targets will be introduced for emergency mental health services from 2020.

² UK Government, *Children and Young People's Mental Health Green Paper*, May 2018

³ NHS England, *Implementing the five year forward view for mental health*, July 2016

Implications for the finance function

The continued focus on mental health is to be welcomed after years of low investment. However, the demands on the finance team in both commissioner and provider organisations are considerable to ensure that funding is allocated and used as intended, to meet the many ambitions in the Plan, as well as the previous targets that remain in force.

The challenge of recruiting sufficient workforce in this sector, is significant. Finance teams may need to support the development of workforce plans that use the funding in the most effective way, recognising the limiting factor of staff availability.

Resources available from the HFMA

The HFMA surveyed members to establish how confident both providers and commissioners felt about achieving the targets set out in *Implementing the five year forward view for mental health* and the MHIS. The HFMA continues to work with NHS England to ensure that members understand what is being asked of them and that NHS England is aware of what this can mean for local areas:

- HFMA, *Mental health survey – summary of results*, February 2019

Overhaul of cancer diagnostics



Overview

The Plan sets out intentions for better care for major health conditions, including cancer. Screening programmes will be modernised and expanded, with a current review being expected to inform the specific changes required.

A radical overhaul of cancer diagnostics is promised in order to meet a new faster diagnosis standard being introduced in 2020. New rapid diagnostic centres will be rolled out across the country from 2019 and part of the yet to be announced capital settlement will be used to invest in new equipment.

The Plan also links cancer care back to the personalised care agenda in the first chapter, with everyone who is diagnosed having a full assessment of need and a personalised care and support plan.

Implications for the finance function

The capital settlement for the NHS will be agreed in the 2019 spending review. As it is not yet known when the spending review will happen, planning for investment is difficult. This could jeopardise the rollout of improved diagnostics described above and may mean that the new standard cannot be met in the timescales expected by NHS England. The importance placed upon investment in this area may also mean that capital funding for investment in other parts of the NHS is limited.

Resources available from the HFMA

The HFMA has recently examined the NHS capital regime and made recommendations for improvement:

- HFMA, *NHS capital – a system in distress?* October 2018

The HFMA has also considered how assets can be purchased and accounted for:

- HFMA, *Property, plant and equipment – accounting and valuation issues*, March 2019
- HFMA, *Accounting for leases – application of IFRS 16*, March 2019

Reducing waiting times for planned surgery



Overview

NHS England states that the additional funding for the NHS means there will be sufficient funding for CCGs and hospitals to eliminate long waits for planned care over the coming years. The Plan acknowledges steadily increasing waiting times and the impact that has on people's independence.

Implications for the finance function

In order to tackle waiting lists, local systems will need to invest in treatment capacity, although the Plan recognises that this will be affected by the available workforce. An incentive scheme is being re-introduced to encourage the reduction of waiting times, with financial penalties for both hospitals and the commissioning CCG if a patient breaches a 12-month wait.

While the Plan states that there will now be enough money to meet this target, it must be recognised that the additional funding is to bring the whole system back to financial balance and transform services in order to achieve this. Finance staff have an important role in managing expectations and being realistic about what can be achieved.

Resources available from the HFMA

The HFMA Operating Game enables staff from across the health and care system to understand the importance of balancing waiting times with quality and finance.

NHS staff will get the backing they need

The commitments in the Plan are predicated on having the right workforce in place, recognising that there can be a long lead time for some changes but there are others that can have a more immediate impact. Roles and careers need to change to reflect the vision of the Plan, with a focus on expanding staff in areas such as community health and primary care. It is noted that high vacancy levels are having an impact on staff morale and more can be done to make the NHS a better employer.

A national workforce plan



Overview

The funding to support a national workforce plan is yet to be agreed in the spending review. However, the Plan sets out the areas where action is needed. It seeks to expand the numbers of nurses, midwives and allied health professionals, noting that training needs to become more accessible to enable a greater number of people to participate, particularly mature students. The Plan also sets out the intention to increase the number of doctors working in general practice to support previously stated aims to develop services outside of hospital.

Staff retention is also addressed, with an increasing focus on continuing professional development (CPD) plus support for leadership and talent management.

Implications for the finance function

Workforce issues cause significant financial pressures for NHS organisations, with a reliance on bank and agency staff to resource some services. Creating a better professional environment for staff is to be welcomed but will need to be considered when costing services to ensure that development time is included.

As system working develops, some ICSs are already recruiting to roles that work across several organisations, rather than just one. People in this position, which may well include finance staff, will need to be able to adapt to different cultures and develop good working relationships across a wide range of stakeholders.

While the Plan focuses on clinical staff, other functions need to be supported to enable NHS organisations to operate effectively. Improving workplace cultures and tackling issues that cause people to leave the NHS, will also be a benefit to finance staff.

Resources available from the HFMA

The HFMA provides many avenues for professional development for finance staff, including qualifications through the HFMA academy, which focus on healthcare business and finance. All e-learning and the *NHS operating game* are CPD accredited, enabling staff to acquire recognised development hours.

The HFMA works closely with Future-Focused Finance (FFF) to ensure that staff across the finance function are equipped with the skills that they need to flourish as demands change.

The HFMA carries out a biennial review of the finance function in the NHS with the Skills Development Network (SDN) and FFF, to understand the make up of the function and staff attitudes:

- HFMA, *The NHS finance function in 2017: England*, May 2018

Staffing costs account for a significant proportion of the NHS budget. The HFMA has produced a number of briefings on particular staff cost issues:

- HFMA, *Using the apprenticeship levy in England*, April 2018
- HFMA, *Off payroll: reform of the intermediaries (IR35) legislation*, September 2017

The *NHS efficiency map* includes a section on optimal use of workforce:

- HFMA, *NHS efficiency map*

Digitally enabled care will go mainstream across the NHS

The NHS has not fully embraced technology that has become the norm, but expectations are rising. The ambition to mainstream digitally-enabled care across the NHS builds on work under way in many places, including organisations involved in the Global Digital Exemplar (GDE) programme. The Plan sets out practical priorities to drive digital transformation.

Improving access to mobile digital technology



Overview

Information technology needs to support staff to work effectively and not create barriers, as is sometimes the case. The Plan sets out the intention to enable all staff to capture information digitally at the point of care and will support the workforce to develop the digital skills they need to do this. For community-based staff this intention has timescales against it, with all staff having access to mobile digital services in the next three years. Ambulance services will also gain access to the information that they need to avoid unnecessary conveyances to hospital.

Implications for the finance function

The rollout of mobile digital technology across the workforce has a number of implications. There will be an associated procurement and maintenance cost for the equipment, and in rural areas, a variety of devices and networks may be necessary for effective connectivity.

Real-time health and intervention data will enable finance teams to support budget managers more effectively and build up a better understanding of the organisation's cost base. However, the Plan highlights that staff will need support to make best use of mobile digital technology, so those analysing the output need to be cognisant of data quality issues and sense-check what is being provided.

The working practices of clinicians may alter, with less time spent on administrative duties, so staffing may need to be reviewed as mobile digital technology is fully embedded in a service. Finance staff must also play a key role in managing the added risk that can arise through the use of digital technology such as cyber risk and information governance, ensuring the organisation acknowledges, understands and mitigates appropriately, and implements robust procedures for use.

Resources available from the HFMA

Digital technology is an area of growing interest for the HFMA and we continue to support our members to manage the

change in working practices, through our networks and events programme.

The HFMA published a briefing in 2018 looking at the next 30 years of development for the health and care system. Part of it considered the technological changes facing finance teams:

- HFMA, *Looking ahead: the NHS at 100*, July 2018

Reaching a core level of digitisation



Overview

By 2024, all providers in all sectors are expected to have reached a core level of digitisation across all departments, both clinical and operational. This digitisation will be implemented to nationally agreed standards to provide patient-centric and clinician-centric digital user journeys across all health settings. Some central funding will be made available for trusts to help them meet mandated standards and technical requirements.

Implications for the finance function

The move to higher levels of digitisation will be a big change for many working practices across the NHS, including finance teams. While the expectation is only for providers to increase digitisation, the commissioners who interact with them will need to have interoperable systems in order to share necessary information and work efficiently across the system. As part of the efficiency saving required in the next chapter, all core transactional services, such as invoice processing, are expected to be automated over the next five years, which will form part of the overall digitisation of the NHS.

The automation of transactional services will free up time for finance staff to develop skills in other areas and focus on more rewarding aspects of the job, such as analysis of performance and advising on what the finance and activity data shows.

Resources available from the HFMA

The HFMA is working with Oracle to examine the impact of digitisation in the NHS. Reaching a core level of digitisation will require changes to many working practices. The HFMA will address these as they apply to our members, through a variety of methods including webinars on particular topics:

- HFMA, *Driving down the costs of clinical correspondence*, January 2019 (webinar)

Taxpayers' investment will be used to maximum effect

The funding settlement announced by the prime minister in June 2018 has afforded the NHS a degree of certainty for the next five years. However, in order to meet current pressures and unavoidable demographic change as well as new priorities, the NHS needs to utilise this funding effectively and return to financial balance. The measures included in the first five chapters of the Plan are all intended to contribute to taxpayers' investment being used to maximum effect.

Return to financial balance



Overview

Over the next five years it is intended that the provider deficit will be reduced, with a commitment that all individual NHS organisations, provider and commissioner, will be in balance by 2023/24. The creation of a financial recovery fund (FRF) will support the move to sustainability, allowing trusts in deficit that meet a number of conditions to access additional funds.

Changes to a blended payment approach are intended to make it easier to design across systems and recognise preventive and anticipatory care models. A revised CQUIN (commissioning for quality and innovation) framework, and flexibility to agree financially neutral changes to local control totals, are expected to support greater system working and improve overall financial performance. Further financial reforms are expected after 2019/20 to support ICSs to deliver integrated care.

Implications for the finance function

For finance staff, there are a number of areas that need to be understood where day-to-day processes may change as financial sustainability is sought. Payment mechanisms may change and different financial incentives, while intended to make the system simpler, will require thorough understanding and monitoring to ensure that they are planned for appropriately, implemented correctly and perform as expected, as well as having the desired health outcomes.

Our members have expressed concern that the expectations of what can be achieved with this additional funding must be managed. Many services are surviving on non-recurrent funding and are unable to confidently plan more than 12 months ahead. The extra funding offers these services certainty, helping with workforce retention and quality, but there is unlikely to be outward change that is evident to the public.

Research carried out by experts at the Health Foundation and the Institute for Fiscal Studies⁴ found that a funding increase of 3.3% would only be sufficient to maintain provision at current levels, but not improve them. Addressing existing financial shortfalls will move us towards a more sustainable health service, but only where services can then be delivered in a more sustainable way.

Achieving financial balance represents a significant challenge for many organisations and systems. Finance teams will need to work across their local system to meet this target and, where it is applicable, will play an important role in enabling organisations to access the FRF.

Finance staff have a key role to play in helping people to understand what is possible within the financial envelope for their organisation and system. They also have a duty to ensure that issues are flagged early and honestly to audit committees, boards and regulators.

Resources available from the HFMA

The HFMA will continue to represent members' views at a national level to ensure that the local practicalities of achieving financial balance are understood by national bodies.

Good financial management and reporting will be essential in ensuring that organisations can achieve sustainable financial balance. The HFMA has produced a number of briefings to enable members to share best practice in this area:

- HFMA, *Financial reporting – watching brief*, February 2019
- HFMA, *Treasury and cash management in the NHS*, June 2018
- HFMA, *How it works – understanding the financial position*, March 2018
- HFMA, *How to review and scrutinise the numbers during the year*, October 2017
- HFMA, *Financial forecasting in the NHS*, July 2016

The *Financial reporting – watching brief* is updated four times per year, enabling members to stay up to date on developments in financial reporting that may affect them as finance professionals working in the NHS.

⁴ Institute for Fiscal Studies and The Health Foundation, *Securing the future: funding health and social care to the 2030s*, May 2018

Cash releasing productivity growth



Overview

The government has set the NHS a target of making efficiency and productivity gains of at least 1.1% a year over the next five years. These savings will be retained by the NHS and reinvested in patient care. The plan sets out a list of measures that will go some way towards meeting this target, through reducing waste and increasing time to care.

1. Improving availability of the clinical workforce

This measure utilises e-rostering and e-job planning to ensure that the right clinicians are available. It is anticipated that this will further reduce bank and agency costs.

2. Procurement savings

A new centralised NHS procurement organisation, Supply Chain Coordination Limited, will seek to get the best deals at a national level on hospital consumables.

3. Improved diagnostics

This measure builds on the intention to invest in new diagnostic equipment and commits to improving accuracy and turnaround times on scans and tests.

4. Improved efficiency in community health services, mental health and primary care

The acute sector has been the focus of efficiency improvements over the last few years and the programmes that have made an impact are now being extended to other parts of the NHS. Lord Carter's review of community and mental health services has made recommendations to improve efficiency and the Getting It Right First Time (GIRFT) programme is being extended across community services and primary care from April 2019, having started to work in mental health. Efficiencies will be supported by access to mobile digital technology.

5. Delivering value from medicines spend

All providers will be expected to implement electronic prescribing systems over the next five years to reduce errors. Pharmacists will work with patients to ensure that they are taking prescribed medicines as intended and the prescribing of low clinical value medicines will be reduced.

6. Increased efficiency in administrative costs

The Plan seeks to simplify over-bureaucratic contracting processes to allow more budget to be spent on frontline services. All commissioners and providers are expected to redesign and reduce costs of transactional services, with core services such as invoice payments automated within five years.

7. Improve use of land, buildings and equipment

NHS England will work with all providers to reduce non-clinical space by 5%. Energy-efficient lighting and smart energy management will be widely implemented.

8. Reduce inappropriate interventions

A consultation will be carried out in summer 2019 on how best to reduce inappropriate interventions and free up clinical time for other care.

9. Improve patient safety

A national 10-year patient safety strategy will be published in 2019 to reduce harm and the associated costs. A new patient safety incident management system will replace the current system by 2020.

10. Continued commitment to counter fraud measures

The NHS Counter Fraud Authority will continue to tackle patient, contractor, payroll, and procurement fraud.

Implications for the finance function

NHS organisations are used to finding efficiency savings in working practices and many of the listed local measures are already being implemented to some extent – for example, e-rostering. The application of acute sector initiatives to community, mental health and primary care will be helpful but must be cognisant of the differences in service delivery in order to be effective. Finance staff in these sectors will have a key role to play in ensuring that Lord Carter's recommendations and the GIRFT programme are applied well, without creating unintended consequences.

A number of the Plan's efficiency measures will require investment to implement, such as electronic prescribing systems, mobile digital technology, automated transactions and smart energy management. Finance staff will need to support the organisation in prioritising spend and understanding where investment can have the greatest impact on local circumstances.

Resources available from the HFMA

The *NHS efficiency map* is produced in conjunction with NHS England and NHS Improvement to showcase best practice in identifying, delivering and monitoring cost improvement programmes (CIPs) and quality, innovation, production and prevention (QIPP) schemes in the NHS. It includes a number of case studies, tools and guidance that cover the efficiency measures listed:

- HFMA, *NHS efficiency map*

The HFMA is hosting a webinar on e-rostering in June 2019.

The Healthcare Costing for Value Institute considers value and the outcomes that matter to people across the full breadth of their work. The Institute supports the NHS to improve costing, turn data into powerful patient-level information, champion multi-disciplinary engagement, and ultimately drive value and efficiency across patient pathways. Members are also supported to implement the costing transformation programme.

Reduce unjustified variation in performance



Overview

Much of the Plan sets out how the NHS will seek to reduce unjustified variation in performance and implementing this will be a core responsibility of ICSs. It is expected that all ICSs will utilise national programmes and support, such as GIRFT, the Model Hospital and NHS RightCare, to improve quality as well as financial and operational performance.

Implications for the finance function

The Plan sets out an expectation for all ICSs, supported by the national programmes, to bring clinicians and managers together to implement appropriately standardised evidence-based pathways. Finance teams will play an integral role in identifying, comparing and improving performance against that of their peers in order to fulfil this expectation. The requirement to do this across an ICS rather than individual organisations will require improvements in linking data from multiple sources in order to achieve a clear picture of both the current status and the required outcomes.

Resources available from the HFMA

The *NHS efficiency map* is produced in conjunction with NHS England and NHS Improvement to showcase best practice in identifying, delivering and monitoring cost improvement programmes (CIPs) and quality, innovation, production and prevention (QIPP) schemes in the NHS. It includes a number of case studies, tools and guidance that cover effective use of the national programmes to reduce unjustified variation:

- HFMA, *NHS efficiency map*

The Healthcare Costing for Value Institute is working with Future-Focused Finance to support decision-making. The best possible value (BPV) decision framework helps NHS organisations follow a clear, structured decision-making process that demonstrates good governance and models different options based on value. The 'value equation', measured as outcomes over resources/costs, is used throughout to assess the impact of strategic and operational decisions within organisations and local health economies:

- HFMA, *Best possible value (BPV) decision framework*, 2019

The HFMA is currently developing a briefing on the finance data required to understand the value of services across whole ICS populations, which will assist finance teams to understand where and why variation exists.

Make better use of assets and capital investment



Overview

The Plan has identified that investment is needed in digital technology and diagnostics capacity in order to achieve the stated aspirations. It also recognises that considerable investment is needed to transform estates and address backlog maintenance. Part of this is specifically included in the Plan in the upgrade of the physical environment for psychiatric inpatient wards.

The capital funding process can be complex to negotiate and reform of the system is anticipated at the spending review.

Implications for the finance function

A key concern for HFMA members is access to capital funding and the impact this has on their ability to transform service provision.

NHS bodies are struggling to plan their capital programmes as a result of the time it takes to access funding and the various targets that have to be met, which vary depending on what type of trust is applying. There is a risk that organisations are focusing simply on the immediate problems rather than transformational programmes. NHS bodies are reporting that patient care is now being affected by the increasing levels of backlog maintenance.

In addition, our members report that they cannot plan for the long term as they have no certainty over access to funds or are asked to spend funds within unrealistic timescales. The capital allocation for future years is, at best, uncertain.

Resources available from the HFMA

The HFMA represents members' views on issues such as this. We have provided recommendations for how the system could be improved in a recent publication and we actively work with national bodies to ensure that proposed changes have the desired effect on the ground:

- HFMA, *NHS capital – a system in distress?* October 2018

Current work is looking at the accounting and valuation issues for capital purchases:

- HFMA, *Property, plant and equipment – accounting and valuation issues*, March 2019

Next steps

The Plan sets out a framework for the NHS over the next five years and beyond. It is recognised that there are a number of steps to fully implement the intentions within it and dependencies on other government processes such as the spending review. Local health systems have been asked to produce plans to implement the commitments set out for 2019 and longer-term visions for the next five years.

It is believed the changes set out for the NHS can be achieved within the current legislative framework, but that more rapid progress could be made if some rules were changed. NHS England has consulted on possible changes.

The Plan has been developed in conjunction with many stakeholders, patients and the public. This approach is set to continue as it moves into the implementation phase, through the creation of an NHS Assembly that will advise the boards. Members of the NHS Assembly were announced in March.⁵

Legislative change



Overview

The Plan sets out a number of areas where legislative change could be helpful and support the move towards greater system working. These include proposals to make it easier for organisations to collaborate and make joint decisions. It also

seeks to reduce the cost and delay of having to go through procurement processes, by repealing current requirements and replacing them with a 'best value' test.

Implications for the finance function

Legislative change could have significant implications for finance teams, and the rest of the NHS. However, legislative processes can be slow, and the changes required by the Plan cannot wait for government to amend the rules in statute. Finance teams need to continue to work collaboratively across their system and support the NHS to use resources effectively within current boundaries.

Resources available from the HFMA

The HFMA has responded to NHS England's consultation on behalf of members, highlighting areas that will enable the profession, and the NHS, to use resources more effectively.

The response also highlights those areas that have been overlooked in the proposals, such as the implications of integrating differing VAT regimes between health and local government.

- HFMA, *HFMA response to proposals for possible changes in legislation*, April 2019
- HFMA, *Evidence to Health & Social Care Committee's inquiry: NHS legislative proposals*, April 2019

Conclusion

For finance staff, the *NHS long-term plan* presents a number of opportunities, but also demonstrates the importance of staying up to date and ensuring that skills are relevant and transferable. As the health and care landscape evolves over the next decade, the skills that finance staff possess will continue to be in demand, but it is essential that individuals are able to adapt to new ways of working in organisations that could look quite different to today.

The HFMA has supported the NHS finance profession for nearly 70 years through the provision of independent and objective advice to its members and the wider healthcare community. We will continue to do so as the service evolves, providing training and technical support for finance staff at all levels.

⁵ NHS England, *NHS Assembly announced to help deliver the long term plan*, March 2019



About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For more than 60 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 a 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.

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