



## **The Healthcare Financial Management Association's (HFMA) comments on the Department of Health's Outline Heads of Terms for the NHS Standard Contract for Mental Health and Learning Disability Services, June 2008.**

### **Introduction**

The HFMA is the professional financial voice of the NHS and aims to maintain and develop the financial management contribution to healthcare in the UK. To help us do this, we have a number of national committees and special interest groups that focus on specific areas. One of these groups is charged with monitoring and commenting on developments in mental health and also with producing guidance and support to practitioners in the field.

At its recent meeting, this group considered the Department's outline heads of terms for the mental health and learning disability services contract and made a number of observations that we trust will be of assistance as you work on finalising the contract. We would be happy to discuss our thoughts in more detail and to comment on further drafts if that would be helpful – in the first instance, please contact Anna Green, the HFMA's Technical Editor at [annagreen@btconnect.com](mailto:annagreen@btconnect.com)

### **General comments**

Whilst the group welcomes the development of a standard contract in this area, it is essential that its application, scope and status are crystal clear when the final version is released. In particular we feel that it needs to specify whether the contract:

- applies to foundation and other NHS trusts
- is legally binding
- will be used where local authorities are involved (i.e. where there is a pooled commissioning budget).

### **Detailed comments**

Looking at the proposed content of the clauses we would like to make a number of observations – although some of these are at a fairly detailed level, we thought it worth raising them now so that they can be borne in mind as the contract is pulled together.

#### ***Clause 2 – commencement, duration and transition***

It would be helpful to make clear whether this is a fixed or rolling 3 years. If fixed, what happens at the end of the contract period? This point is also relevant in relation to clause 35 – termination.

#### ***Clause 7 – prices and payments***

We assume from the proposals and questions column that this is intended to cover all contract types (i.e. block, cost and volume and cost per case) and marginal rates for activity variations. It may be helpful if this were clarified.

#### ***Clause 8 – review***

We agree with the sentiment that underlies this suggestion but are not convinced that monthly meetings will be possible in practice for all PCTs.

#### ***Clause 11 – staff***

We have some concerns that this clause places the emphasis on inputs rather than outputs.

#### ***Clause 49 – change in control***

We wonder whether this is intended to cover moves from trust to foundation trust status.

#### ***Schedule 5***

It may be helpful if this schedule gave some indication of what is needed and by when – for example, in relation to 'flex and freeze' dates.

#### ***Schedule 11***

In our view, this schedule should make clear whether or not the contract applies to specialised commissioners.

#### ***Annex 1 – partnership issues for the mental health contract***

Paragraph 3 (i) is unclear – is the reference to 'pooled funds' designed to relate to pooled commissioning budgets?

Paragraph 7 relates back to our earlier general point about whether or not pooled commissioning budgets are covered by the contract. This paragraph suggests that it will not be used in such circumstances – is that the intention?

Paragraph 8 refers to there not being any significant obstacles to local authorities becoming parties to the contract – however, experience on the ground suggests that difficulties can arise in this area.

***Annex 2 – service specification model template***

We are not sure whether this template relates to current service specifications or is intended to be 'aspirational' (i.e. the service that should be provided).