

step change

Despite welcome new funds, the NHS still faces a long-term challenge to deliver sustainable services into the future. New HFMA president Shahana Khan believes the finance function can step up to the challenge and help shape transformation. Steve Brown reports

The NHS finance function needs to exert its influence more as the NHS looks to address its significant financial challenges and transform services to meet rising demand and patient expectations.

This is the message from new HFMA president Shahana Khan as she challenges the profession, individual finance practitioners, organisations and the broader NHS to 'step up' in the year ahead.

Ms Khan welcomed the new investment – more than £8bn by 2020/21 in real terms – promised in the government's recent spending review announcement. 'It is badly needed as we know the system is currently in financial meltdown,' she says.

The frontloading of this investment – £3.8bn in 2016/17 – and the initial focus on addressing provider deficits is the right approach and absolutely necessary, she adds. However, she remains concerned about the long-term sustainability of services in the face of a rising and ageing population and growth in the prevalence of long-term conditions.

While the £8bn investment is in line with the sum NHS England asked for in its *Five-year forward view*, it assumes the NHS can achieve some £22bn of productivity improvements over the same timescale to bridge an estimated £30bn funding gap.

Ms Khan says that maximising value – considering quality in terms of outcomes and experience and factoring in costs – makes complete sense. And she believes Lord Carter's productivity work should be welcomed in supporting local organisations to challenge local efficiency, locate best practice and implement change where appropriate.

Echoing Lord Carter's presentation to the HFMA annual conference in December, she says the efficiency targets being set using the 'new' adjusted treatment index may not identify the exact efficiency opportunity, but

they should help organisations to focus on areas where savings could be realised.

However, much of the productivity improvement will need to come from transformation projects, with vanguard sites working up wide-ranging new models of care around the country. And it is here where Ms Khan has some concerns.

She says that testing the new approaches makes sense and there is the potential for significant learning to be shared across the whole service. The projects are clearly focused on optimising care for and integrating care around patients.

But the financial implications of these new models are less clear. 'In many cases, the projects hope to deliver financial efficiencies as well as service improvements, but we have not tested the transformation model in terms of how it will deliver on the efficiencies we are looking for or over what timescale,' she says.

Leading the debate

She wants politicians and the service's senior leaders to lead the debate on the need for new models of care – and the changes patients and the public will see as a consequence, especially in terms of potentially reconfigured services.

But she also wants them to be open about how the service could react if transformation doesn't achieve all the desired financial benefits. In effect, she is keen that any contingency planning is made more public.

Organisations also need to step up, says Ms Khan. In particular, she would like to see an end to providers and commissioners 'fighting over the same pound'. 'We've got to get away from a simple focus on the contract,' she says. 'At times, this gets in the way and we need to move forward on a local health economy basis.'

She includes wrangles over fines and how activity is being counted as key parts of the

distractions that prevent local organisations coming together to find joint solutions to health economy-wide problems. Different systems of performance measurement and management may be needed.

The recently published shared planning guidance makes moves in this direction with the requirement to develop five-year sustainability and transformation plans across whole health economies. 'We need to focus on system solutions instead of organisational boundaries,' she says, suggesting that



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into the drivers of cost. And increasingly that is how we can work with clinicians to understand where clinical variation is appropriate or where changes in practice could improve services and reduce costs.’

Staffing challenges

National and local organisations also need to step up in getting to grips with the current staffing challenges. Nationally imposed caps on agency rates and requirements to stick to framework contracts are useful, but organisations still face operational pressures to staff rotas. Agency staff are often only available on non-framework contracts.

Ms Khan wants organisations to ensure that staff roles are built around the needs of patients and to explore the potential for new staffing models – developing physician associates and advanced nurse practitioners, for example, or broadening the roles of therapists.

The core problem, says Ms Khan, is a shortage of available staff, making it difficult to recruit to some substantive positions and driving up agency rates, especially in some specialty areas such as theatre practitioners.

For the long term, she believes the service needs to improve its workforce planning. She is interested to see if the removal of NHS funded university places for nursing and other health degrees will lead to an increase in available staff downstream. In the short term she wonders if the centre could take more of a role in co-ordinating the recruitment of clinical staff from outside the UK – with increasing numbers of providers including this in their staffing strategy and making separate arrangements. Organisations also need to do more to understand how they can improve staff retention.

Being more vocal and influencing policy development is one of the ways Ms Khan

organisations and their leaders will need to demonstrate courage in doing so.

Changing the status of the contract as the bridge between commissioners and providers might have implications for the national tariff. ‘We may need to rethink how we use the tariff differently,’ she says, adding that the HFMA and the finance profession need to play a big part in these developments.

She recognises it is difficult territory. ‘We have to avoid the tariff getting in the way of delivering great care in the right setting and at

times the incentives haven’t aligned with the way health economies want to provide services. So it needs to change,’ she says. ‘But the tariff has also brought huge benefits in getting a focus on accurate coding and classification and improved costing.

‘Understanding costs is important for any business, but if we are serious about improving NHS efficiency and productivity, good cost data is essential. It is through the use of cost data – and particularly patient cost data – and service line information that we can really get

thinks the finance profession can step up – on issues such as the importance of costing and the remuneration system.

This is not simply a matter of talking up the financial challenges facing the service. Instead, it is about continuing to work professionally and in an evidence-based way with the national bodies and the Department of Health. This will ensure there is a good understanding of the pressures in the system and how policies are playing out in the field, she says.

Ms Khan believes the finance voice was key in paving the way for the spending review increase in health spending. But she thinks there is room for improvement.

‘The finance profession knew for years that 2015/16 was the crunch year when the NHS was facing a cliff edge and yet we were not able to influence an earlier change of direction,’ she says. Now, with the new investment, she suggests ‘all eyes’ will be on the finance community to ensure the extra investment delivers financial balance and service improvement. ‘It is time for the finance profession to step up and be counted,’ she says.

Her final challenge is to individual finance practitioners. She knows finance staff have worked hard in recent years, but believes their ‘skills, determination and passion’ will be needed even more as the service pushes ahead with transformation.

Future focus

And she believes practitioners need a subtle change in focus, away from the past and onto the future – less ‘looking through the rear view mirror’ and more providing of solutions to known problems.

The HFMA will be looking to support practitioners in maximising their individual and collective potential. Its programme of events, development opportunities and policy and technical work will continue to do this. And Ms Khan says that the association will specifically showcase ‘how we can all step up in our day jobs’ as well as achieving a key milestone with a new educational programme elevating the HFMA to ‘awarding body’ status.

‘We need to get more on the front foot, be more forward-looking and solution-oriented,’ says Ms Khan. ‘For example, we know we need to get the debate going beyond organisational boundaries. I’m sure we can be the transformational people who make those discussions happen.’

Finance staff already have a relevant skillset, but with this adjustment she is convinced they can become game changers for the NHS. She argues that the current challenges really represent an ‘opportunity’ for finance practitioners. All they need to do is ‘step up’. ○

Career path

Shahana Khan joined the NHS in 1991, just after the major reforms that split the commissioning of health services from the provision of care. She undertook her accountancy training in the public sector as part of the Ministry of Defence’s fast-track scheme, before leaving to become chief financial officer of an international software company.

She says that former HFMA chairman Bob Dredge played a major role in bringing her into the NHS by giving her the opportunity to join Wolverhampton Health Authority, where he was

finance director, ‘despite me not having an inkling what an accountant did for the NHS’.

This was followed by a number of further positions in trusts before becoming deputy finance director of Good Hope Hospital NHS Trust in 2005 and then in the bigger Heart of England NHS Foundation Trust in 2006. Her first finance director role followed soon after in 2007, when she moved to head the finance team at Walsall Healthcare NHS Trust. She stayed there for nearly six years.

A short spell as finance projects director for NHS England in the Birmingham,

Solihull and Black Country Area Team was followed by a return to the provider sector at the end of 2013 as director of finance and performance at George Eliot Hospital NHS Trust.

Having assessed that it was unlikely to achieve foundation trust status on its own, the trust was given approval to seek a strategic partner to secure a sustainable future for services in 2013. However, on the back of improved performance and quality, the procurement process was stopped in May 2014. This improvement also led to the trust being taken out of special measures, which had been imposed on the trust following the Keogh review of trusts with higher than expected mortality rates in 2013.

Ms Khan says staff at George Eliot really rallied together as a big family when facing these huge challenges. The trust was now continuing to explore a long-term solution to the provision of sustainable local services and examining how to use its estate in bringing different services together in a possible campus-style model.

Ms Khan, an HFMA trustee since 2011, became its president in December, taking over from Trust Development Authority business director Sue Lorimer.

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- **Dr Phil Moore**, Deputy Chair (clinical), NHS Kingston CCG, member of the board of NHS Clinical Commissioners and Chair of the Mental Health Commissioners' Network
- **Jonny Benjamin**, mental health campaigner, author and vlogger, featured in the 2015 Channel 4 documentary 'Stranger on a Bridge'.

Who should attend:

Designed primarily for directors of finance and finance staff working in mental health trusts, and finance colleagues involved in the commissioning of mental health services. Commissioning and clinical colleagues are encouraged to attend to form links across regional and organisational boundaries.

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