

# Clinicians and finance: Improving patient care

ACADEMY OF  
MEDICAL ROYAL  
COLLEGES



**NHS**  
*Institute for Innovation  
and Improvement*



The purpose of the NHS is to serve patients and the public by whom it is funded.

Clinicians seek to do that by using their skills to provide the best possible advice, treatment and care.<sup>1</sup> But they can only do this if the money available to the NHS is used well. Failure to do so results in less care and of a lower quality. Money will only be used well if clinicians are fully engaged in managing it. Ultimately, it is clinicians who are responsible for the way in which services are delivered to individual patients and it is they who commit the necessary resources.

The Audit Commission (AC), Department of Health, Academy of Medical Royal Colleges (AMRC), Royal College of Nursing (RCN), NHS Institute for Innovation and Improvement, and the Healthcare Financial Management Association (HFMA) are fully committed to supporting the involvement of clinicians in the business processes of their organisations. This statement reiterates why we believe clinical engagement in these processes – including their financial aspects – is important, what needs to be done and how we are supporting its achievement.

<sup>1</sup> By clinicians we mean doctors, nurses and all the various healthcare professionals who contribute to the provision of healthcare.

Improving the quality of care and providing more responsive services for patients as set out in Lord Darzi's final report from the NHS Next Stage Review, *High Quality Care for All*, can only be achieved if there is strong involvement of local clinicians in the management of the service.

This includes having the understanding, the tools and the ability to manage resources effectively and use them well to the benefit of patients. This will empower them to lead change and improve services.

Without this, we believe that progress will be much slower and the outcomes poorer. There is evidence that disengagement can have a detrimental effect on NHS organisations and will not enable the NHS to meet the challenges it faces.<sup>I</sup> In contrast, there are many examples where clinicians have led change and improved services, in part, through taking greater responsibility for managing the money available to them.

This is not about focusing on cost and cost alone. It is about how money can best be used to improve the quality of care, combining operational and clinical effectiveness. Efficient use of resources and good quality services go hand-in-hand.

Clinicians cannot do this alone. Finance and clinical staff must work in partnership. In the past, financial management was often seen as the preserve of the finance department, but this approach will not stand up to modern-day demands and expectations.

It is not sufficient for finance skills to reside only within the finance department. However, finance staff have a vital role to play in supporting clinicians on financial matters, and by doing so enabling them to provide better care. To do that effectively there must be mutual understanding and cooperation. The Academy of Medical Royal Colleges and the NHS Institute for Improvement and Innovation have been working together on the *Enhancing Engagement in Medical Leadership* project. As part of this project a *Medical Leadership Competency Framework* has been produced which describes the leadership competencies doctors need to become more actively involved in the planning, delivery and transformation of health services.<sup>II</sup> The framework includes resource management competencies.

We do not believe that all clinicians need to have in-depth knowledge of financial issues. But all clinicians should recognise and understand their role in committing resources and how good use of resources will contribute to better service provision.

And the more senior the clinicians, the more important they understand the business and financial aspects of their service or department, be it in a hospital or in the community.

There are many examples where clinicians are closely involved in financial issues and where there is good engagement between finance and clinical staff, to the benefit of patient services.<sup>III</sup> But there are also examples where this is not the case. Good engagement needs to become the norm.

<sup>I</sup> Audit Commission, *Learning the Lessons from Financial Failure in the NHS*, 2006.

<sup>II</sup> Academy of Medical Royal Colleges/NHS Institute for Innovation and Improvement, *Medical Leadership Competency Framework*, 2008.

<sup>III</sup> Audit Commission, *A Prescription for Partnership: Engaging Clinicians in Financial Management*, 2007.

We wish to encourage this and believe that:

- All clinicians should understand the basics of NHS finance, the role that finance plays in their work and how they commit resources. This should be part of a wider understanding developed through training and education of how the modern NHS works and how management processes, such as finance and measuring activity, can all have a direct bearing on the quality of patient care.
- Senior clinical staff should be familiar with the financing arrangements for their service and understand the basics of budgetary management.
- Clinicians should be encouraged to take financial responsibility for their service with the freedom to make changes and use the funds available to improve services. They should see this as a normal part of their role.
- Such clinicians have a right to expect prompt, reliable information presented in a way that they understand, which is useful to them and well-supported by IT, and for their involvement to be wider than simply given a budget to manage.
- They can also expect to receive appropriate training and support and enabled through increased knowledge to contribute more widely on financial matters. Accountability processes must be transparent, understandable and consistent. More could be done by trusts to prepare clinicians to enter important senior roles that combine clinical expertise, leadership and business skills and to create a climate of cross-disciplinary respect and engagement at senior levels.
- Finance staff should be familiar with current clinical practice and with the culture and aspirations of clinicians.

We expect the following steps to be taken:

- Strategic health authorities, with their responsibilities for training and education, should ensure that there are programmes in place (through post graduate deaneries and finance for non-financial managers training schemes) that provide the necessary skills, encourage engagement between clinicians and finance staff and demonstrate the benefits for patients of clinicians taking responsibility for service and financial matters.
- Individual trusts and primary care trusts should review their level of clinical engagement on finance issues and the support and training they provide in line with the checklist contained within *A Prescription for Partnership*.

We will ourselves support greater clinician engagement in managing and leading the service by:

- providing clinicians with information to help them better understand NHS finance and also highlight examples of the benefits which arise from greater involvement (AMRC and AC);
- producing practical guidance on the action finance staff need to take to encourage better engagement (HFMA);
- supporting the Enhancing Engagement in Medical Leadership project developed by the AMRC and NHS Institute;
- supporting the development of financial management competencies for nursing staff;

- holding events specifically aimed at raising nurses' awareness of financial matters (HFMA, AC and RCN);
- providing ward sisters with an introductory guide to financial matters (AC and RCN);
- production of e-learning packages aimed at increasing the financial literacy of NHS non-finance staff; and
- holding a series of events nationally and regionally to promote the benefits of greater engagement and to stimulate local action.

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