Understanding Changes to Education/Training funding

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Director of Medical Education

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Costing Accountant

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Objectives

Changes to Education/Training funding

• Understand the changes
• Understand key principles and context
• Discuss implications
• How can we involve/influence,(with examples)
• NOT to turn into Accountants
Quiz

1. HEE
2. LETB
3. SIFT
4. MADEL
5. NMET
6. LEP
7. MPET
8. MFF
9. BMP
10. HEI
11. % NHS budget on Education
12. HEE budget for 2014-15
13. How many Drs/1000 in UK?
History

• Historical arrangements
• Inequities
• No link with outcome/quality
• Not transparent
• Not linked to cost
• Recent economics
• Originally 3 separate levies (SIFT, MADEL and NMET) amalgamated into Multi Professional Education and Training levy in 2001

• Originally a levy on NHS but effectively top sliced before PCT allocations
Background

- 1975: ‘Service Increment For Teaching’
- 1997: New NHS: ‘SIFT is shoring up status quo’
- 2001: MPET
- 2006: BMAs FoI request on SIFT
- 2006: Devolved to SHAs
- 2008: MPET Review
- 2012: Liberating NHS: *Design to Delivery*
- New NHS bodies/structures
Criticism

• Crude
• Not in line with NHS reforms/values
  – Quality/Outcome
  – Efficiency
  – Value for money
  – Financial Accountability
  – Responsive
In 2005–06 and 2006–07, when Strategic Health Authorities (SHAs) were under pressure to reduce deficits in service delivery, almost £500 million of medical and non-medical education and training funds were diverted to central reserves. This resulted in some universities having their nursing commissions reduced by up to 30% as contracts were redrawn overnight. The pattern was repeated in 2008 with more than £160 million diverted from SHA education budgets.
Figure 1: Multi-Professional Education and Training budget as a percentage of NHS spend

Spending Round 2013: Medical education and research

Universities UK
New NHS landscape

• Clinical Vs Education commissioning
• Cross subsidy
Delivering high quality, effective, compassionate care: Developing the right people with the right skills and the right values

A mandate from the Government to Health Education England: April 2014 to March 2015

4.2. By April 2014, HEE will identify and fully resource a senior national clinical lead for mental health to co-ordinate education, training and workforce development to reduce variability and ensure high quality staff training.

4.3. Training should raise awareness of the increased likelihood of mental health problems presenting themselves in those people with long-term conditions and

providing greater transparency, fairness and efficiency to the investment made in education and training; and

reflect the explicit duty of the Secretary of State to secure an effective system for education and training.

1.3. This mandate is not intended to be an exhaustive list of HEE’s functions and responsibilities. HEE has a clear duty to ensure an effective system is in place for education and training in the NHS and public health system, as set out in Statutory Instrument 2012 No. 1273: the Health Education England (Establishment and Constitution) Order 2012.¹

1.4. HEE’s Directions set out in detail its remit and range of roles and responsibilities. HEE will receive a budget of £4.9bn in 2014/15 to support delivery of those statutory functions. This mandate outlines

¹ http://www.midstaffspublicinquiry.com/report
The investment in education and training

HEE’s annual budget of £4.9 billion is spent in the following areas (displayed in £m):

- FW: U/G Medical, £857
- FW: U/G non Medical, £1,782
- FW: P/G Medical, £1,719
- Education Support, £112
- Running Costs, £86
- National Activities, £166
- Workforce Developments, £161
## Funding prior to April 2014

<table>
<thead>
<tr>
<th>Foundation Year 1</th>
<th>100% of basic salary costs (incl. 25% employer costs) plus £2,000 non-pay costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Year 2, Core training/Specialty Training Years 1 and 2</td>
<td>50% of basic salary (incl. 25% employer costs) plus £2,800 non-pay costs</td>
</tr>
<tr>
<td>Specialty Training Year 3 and above</td>
<td>100% of basic salary (incl. 25% employer costs) plus £2,800 non-pay costs</td>
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</table>

### Funding after introduction of tariff:
- 50% of basic salary (incl. 25% employer costs) plus placement fee of £12,400 (plus MFF)
## Gainers & Losers!

<table>
<thead>
<tr>
<th>Undergrad change</th>
<th>Gain over £1m</th>
<th>Gain under £1m</th>
<th>nil effect</th>
<th>Loss under £1m</th>
<th>Loss between £1m and £2m</th>
<th>Loss over £2m</th>
<th>Grand Total</th>
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<tr>
<td>Gain over £2m</td>
<td>3</td>
<td>10</td>
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<td>3</td>
<td>1</td>
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<td>17</td>
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<td>Gain between £1m and £2m</td>
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<td>18</td>
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<td>Gain under £1m</td>
<td>73</td>
<td>9</td>
<td>32</td>
<td>1</td>
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<td>115</td>
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<tr>
<td>nil effect</td>
<td>3</td>
<td>4</td>
<td>1</td>
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<td>8</td>
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<tr>
<td>Loss under £1m</td>
<td>7</td>
<td>2</td>
<td>7</td>
<td>1</td>
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<td>17</td>
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<tr>
<td>Loss between £1m and £2m</td>
<td>4</td>
<td>2</td>
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<td>6</td>
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<td>Loss &gt; £2m</td>
<td>4</td>
<td>11</td>
<td>6</td>
<td>3</td>
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<td>24</td>
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<tr>
<td>Grand Total</td>
<td>3</td>
<td>138</td>
<td>15</td>
<td>74</td>
<td>8</td>
<td>4</td>
<td>242</td>
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<tr>
<td>Grade</td>
<td>No of Posts</td>
<td>National</td>
<td>13764</td>
<td>Total</td>
<td>Contribution</td>
<td>Adjusted Total</td>
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<td>Funding</td>
<td>Placement</td>
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<td>F1</td>
<td>0</td>
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<tr>
<td>F2</td>
<td>4</td>
<td>69,840</td>
<td>55,056</td>
<td>124,896</td>
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<td>120,096</td>
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<tr>
<td>ST1</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<td>ST2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>ST1 &amp; ST2</td>
<td>16</td>
<td>306,144</td>
<td>220,224</td>
<td>526,368</td>
<td>19,200</td>
<td>507,168</td>
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<tr>
<td>ST3 lower</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td></td>
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<tr>
<td>ST3 higher and above</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
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<td></td>
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<tr>
<td>ST3 lower &amp; ST3 higher and above</td>
<td>16</td>
<td>362,176</td>
<td>220,224</td>
<td>582,400</td>
<td>19,200</td>
<td>563,200</td>
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<tr>
<td>GPST1 hospital posts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>GPST2 hospital posts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GPST1 &amp; GPST2</td>
<td>6</td>
<td>114,804</td>
<td>82,584</td>
<td>197,388</td>
<td>7,200</td>
<td>190,188</td>
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<tr>
<td><strong>TOTAL SALARY SUPPORT</strong></td>
<td><strong>42</strong></td>
<td><strong>852,964</strong></td>
<td><strong>578,088</strong></td>
<td><strong>1,431,052</strong></td>
<td><strong>-50,400</strong></td>
<td><strong>1,380,652</strong></td>
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</tbody>
</table>

**DH Transition Cap (36.14% on gain or 0.25% of trust income on loss)**

**IN YEAR ADJUSTMENTS**

- Foundation Psychiatry to MHT (4 x F1 from August): 2.67
- Foundation Psychiatry to MHT (4 x F2 from August): 2.67
- GP Trainees to Southend Lead Site (6 from August): -4.00

**TOTAL FUNDING FOR TARIFF**

The tariff is a 50% basic salary cost (below) plus an MFF adjusted placement fee of £12,400.

**50% Basic Salary Cost**

<table>
<thead>
<tr>
<th>Grade</th>
<th>National</th>
<th>Fringe</th>
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<tbody>
<tr>
<td>F1</td>
<td>14077</td>
<td>14170</td>
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<td>F2</td>
<td>17460</td>
<td>17553</td>
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<td>ST1</td>
<td>18566</td>
<td>18659</td>
</tr>
<tr>
<td>ST2</td>
<td>19702</td>
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<td>ST3 lower</td>
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<td>ST3 higher and above</td>
<td>23984</td>
<td>24077</td>
</tr>
<tr>
<td>GPST1 hospital posts</td>
<td>18566</td>
<td>18659</td>
</tr>
<tr>
<td>GPST2 hospital posts</td>
<td>19702</td>
<td>19795</td>
</tr>
</tbody>
</table>
A placement that attracts national tariff must meet the following criteria:

- be a recognised part of the education/training curriculum for the course and approved by the higher education institute and the relevant regulatory body, as appropriate;
- meet the quality standards of the regulator and the commissioner;
- be quality assured in line with the commissioner’s agreed processes;
- be direct clinical training (including any clinical exams) with an agreed programme being a minimum of one week;
- have the appropriate clinical and mentoring support as defined by the relevant regulatory body; and
- not workplace shadowing.
The tariffs cover funding for all direct costs involved in delivering education and training by the provider, for example:

- Direct staff teaching time
- Teaching and student facilities, including access to library services
- Administration costs
- Infrastructure costs
- Education supervisors
- Pastoral and supervisory support
- Trainee study leave
- Health and well-being (excluding any occupational health assessments that are carried out by the university and funded separately)
- Course fees and expenses (where required as part of the training)
Rates

- Non – Medical tariff:
  £3,175 + MFF

- Medical:
  50% of basic salary + placement fee of £12,400 + MFF

- Medical Student:
  £34,623 + MFF
‘Transition phase’
For smooth transition DH agreed that
• no single trust would lose more than 0.25% or maximum of £2 million in any one year.
• During ‘transition phase’ the gainers can only gain the amount of money released in any one year by the losers.
• Projected transition path of 12 years before everyone is at full tariff.
• Losing trusts have a larger loss than the increase for each gainer.
Time Scale

- 2013 -14: Non Medical & U/G Medical tariffs(transitional)
- 2014 -15: Medical tariffs (transitional)
- Transition phase, refining tariffs/salary support
- Minimising risk
- Future: ‘reference cost collection’
- specialty/grade specific tariff!
Group Discussion

- Risks
- Benefits
- What can we do?
Developing Costs for Training and Education

Alan Doe
Costing Accountant
Background: tariff and cost

- From April 2013, tariffs related to education and training, are being introduced in a staged way
- Objective: to improve the transparency and equity of education funding.
- In future years, it is intended that the tariffs will be informed by an annual reference cost collection on education and training.
Information required to support cost calculations

• For each training programme (that your trust delivers) apportionments are required to establish the split between clinical and T&E costs:
  – Proportion of time salaried trainees actually spend in training.
  – Proportion of supervisor/mentor time involved in T&E activities
  – Proportion of facilities used for T&E
Cost info required for each training programme and apportionments needed (1)

001: Pre-placement costs
• Proportion of staff time involved in pre-placement activities x staff cost

002: Direct teaching staff costs
• Proportion of staff time performing direct teaching x staff cost

003: Cost of teaching staff time spent on training courses
• Proportion of staff time spent on training courses related to student/trainee teaching x staff cost + Cost of course fees

004: Cost of staff teaching while delivering patient care
• Proportion of staff time teaching while delivering patient care x Staff cost
Cost info required for each training programme and apportionments needed (2)

005: Facilities cost
• Proportion of facilities used for student/trainee-related activities x facility cost

006: Administration cost
• Proportion of administrators time on training and education activities x staff cost

007: Central education costs
• Proportion of staff costs for Education Directorate activities x staff cost + travel and subsistence

008: Overheads
Cost info required for each training programme and apportionments needed (3)

Additional reporting requirements related to salaried trainees only:

009: Cost of checking a trainees’ work
• Proportion of time spent checking a trainees work (in addition to that done by teaching staff) \( \times \) staff cost

010: Course fees and expenses for courses and examinations
• Cost of trainees attending courses or examinations

011: Total trainee staff cost
• Number of trainees by grade \( \times \) trainee cost by staff grade

012: Proportion of trainee time in training (%) 
• Proportion of trainee time in training (%)
Example of apportionments required (for each staff group relevant to each training programme)

- % of staff time training (including preparation and follow-up)
- % of staff time teaching/supervising while providing service user care
- % of productivity lost while combined with teaching
- Proportion of facilities used for teaching or supervision
- Proportion of relevant administrators time spent on training and education activities
- Proportion of overheads specific to training and education
Project Approach

• Close working between finance and education leads
• Establish project group/governance structure. Possible membership:
  – Director of medical education
  – Non medical education programme lead
  – Education business manager
  – Education finance manager (or relevant management accountant)
  – Costing lead
• Wide communications across the organisation
• Work directly with trainees/supervisors/admin staff to gain relevant information to support cost calculations, through:
  – use of questionnaires
  – face to face meetings
  – review of job plans/diaries
## MEDICAL SURVEY (Week)

**Trainee / Student**

<table>
<thead>
<tr>
<th>Hrs:Mins</th>
<th>%</th>
<th>Hrs:Mins</th>
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<tr>
<td>Adult Services</td>
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<td>Older Adult Services</td>
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<td>Child &amp; Adolescent Services</td>
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### Core Components

- **Trainees**
  - Pre-Placement
  - Direct Teaching
  - Training Courses
  - Teaching Whilst Delivering Patient Care
  - Facilities Used By Student/Trainee
  - Administration Time
  - Education Directorate Activities
  - Non Teaching Staff Time
  - Trainees Time in Training

### Education & Training Activities

- **FY1**
- **FY2**
- **CT1**
- **CT2**
- **CT3**
- **ST4**
- **ST5**
- **ST6**
- **GP Trainees**

### Total

The specific object of this survey are to assess the time spent by all staff groups teaching undergraduates:

- a) in dedicated teaching time and
- b) whilst providing care to patients (in clinical settings)

Information will be summarised and will be used to assess resources used by staff group.

It will not be used to inform job plans for individual staff members or teams.

Your participation in the survey is very much appreciated.
Summary of Approach

• **Step 1** - Identify training programmes
• **Step 2** - Establish the amount of activity across each training programme
• **Step 3** - Define information required against each programme and identify a lead contact
• **Step 4** - Agree a methodology and collect info (review, collate, extrapolate & cost)
• **Step 5** - Load the information onto the costing templates
Physicians per 1000 population – World Health Organisation

UK – ranked 41st with 2.77 physicians per 1000 population

Source: WHO – Global Health Observatory
Positives

- Focus minds
- Focus on delivery
- Accounting
- Developing Service Delivery Standards linked to Tariffs
• HEEoE work
• Alys Burns, Kate Read and colleagues
• Service Delivery Standards being developed
• Examples
Next Steps

• Educator involvement
• Tutors/DMEs! look at your LDA, meet finance/costing team
• Influence the direction/use of tariff
• Lessons from MH PbR / Payment Systems!
• Faculty Development
• Quality Monitoring
Useful links/resources

• HEE Resources page:
  http://hee.nhs.uk/work-programmes/resources/costing-education-and-training/ (Guidance, FAQs etc)

• http://pb.rcpsych.org/content/34/1/31.full
Thank You

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Acknowledgements:

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