HSJ LOCAL briefing

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May 2012

LONDON REFORM OF EDUCATION AND TRAINING BUDGETS

HSJ Local Briefing is our new in-depth analysis of the key issues facing the NHS's major health economies

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In brief

Issue There has been uncertainty over how many local education and training boards (LETBs) will control London's £1.2bn workforce development budget. It has also become apparent they will face growing financial pressure and dissatisfaction.

Context Last month the Department of Health's deputy director of education policy told a conference that London could have one, three or five LETBs.

The government is pressing ahead with changes to the £4.9bn system which trains England's healthcare workforce, including doctors, nurses, dentists and auxiliary workers. From next year this will be the responsibility of Health Education England nationally and LETBs locally.

The way LETBs plan their local workforce plus the decisions they make on where and how they are trained will impact on providers, higher education institutions and eventually services themselves.

What is the prediction? London will submit applications to Health Education England and the DH for three LETBs. These will be coterminous with the existing academic health science partnerships, University College London Partners, King's Heath Partners and the less fully-formed and as-yet unnamed Imperial partnership in north west London.

When authorised, these bodies will each control around £400m for education and training.

The policy context

At the moment NHS London allocated a budget of approximately £1.2bn in 2011-12 for education and further training for doctors, nurses, dentists and some other health workers.

Of that, £321m gets allocated to undergraduate and £415m to post-graduate medical and dental education.

The £412m "non-medical education" budget is spent primarily on nurse training, leaving £51m for continuing professional development and other costs.

Strategic health authorities, which have previously handled these budgets, are being abolished in April 2013. They will hand over their responsibilities to Higher Education England and LETBs.

The LETB and Health Education England system that is now being pushed through is an afterthought. Only sketchy detail was included in the original Health Bill.

One senior figure in health education said: "This whole process is much shorter than anyone expected. There are some good things about that, the focus it brings, but there is also the chance you may get some rushed decisions."

The London context

Many are unhappy with the quality of training in the capital.

London's chief nurse Trish Morris-Thompson last year told HSJ's sister magazine Nursing Times that nurses were graduating "who weren't employable" and that "there were issues around literacy, numeracy and attitude".

One source said: "The quality of nursing today isn't good enough and employers [the trusts] need to be able to say 'this is what we want'." But the source added some had since found part of the blame lay with the quality of placements they provided.

Nursing education has proved to be a contentious issue in the capital over the past year.

Last year NHS London ran a tendering exercise for healthcare education institutions (HEIs) providing nurse training.

In January this saw the University of West London taken off the training framework for adult nursing courses and the number of places commissioned from City University and London South Bank University slashed.

The process is still mired in controversy and a review was ordered after nursing directors at large London hospitals complained the allocation of commissions made it difficult for them to operate.

Some in the HEI sector were scathing about the tender process, describing it as "seriously resource intensive", with the reporting mechanisms also "hugely bureaucratic".

HSJ was told the London configuration of LETBs has swung between five covering different areas to one covering the whole capital.

The argument for one London LETB was that it might be an easier transition from the current system and there was no risk of duplicating effort across multiple bodies.

The case for five was that they could represent smaller groups of providers.

Then, after lobbying from the academic health science centres, came agreement that there should be three. The three London AHSCs were founded in March 2009 to bring NHS teaching hospitals and medical schools closer together, driving the spread of innovation across trusts' organisational boundaries. The Department of Health is due to release the authorisation criteria for academic health science networks this month. The AHSCs are expected to work closely with the LETBs because trust chief executives will sit on both.

Finance

The national education and training budget is £4.9bn a year. London will receive £1.129bn of that in 2012-13.

The rest of the country has long argued London's share is disproportionate and unfair. One of the challenges for the three LETBs will be to make the case for the capital once the funding formulas for education are changed.

Debbie Mellor, deputy director of education policy at the DH, told a conference last month: "Most of [the £4.9bn] goes on training doctors. Lots of that is directed in ways that are historic rather than rational."

The DH has been considering introducing tariff funding for education rather than block allocations for nearly two years. The system is due to begin nationally in April 2013.

In the course of researching this article HSJ was told the full effect of these changes could eventually see London's allocation cut to £850m. However, it is more likely that in the near future there will be a shift of only £200m from the capital to the rest of the country, leaving London with just under £1bn.

One senior figure in the London system told HSJ: "We're all familiar with the arguments - they find it harder to get consultants in Middlesbrough because of the way training is set up." The source added that it would be down to the London LETBs to make the case for retaining London's share.

Another said: "Why do we train so many more here? History and educational resource.

"If you redistribute training around the country you have to ask if there are critical mass issues and is the capacity there?"

Does having three LETBs make defending London's share easier or harder?

A senior source in the capital told

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HSJ: "One of the challenges about three LETBs for London is the London voice. Having three powerful voices could potentially be better than one. Everything at this stage seems to be leading to the conclusion that the three LETBs will work together on this."

One senior medical figure said that while "quite a few people would sign up to the redistribution thing you can't just destabilise the London providers".

But he added "I am sure there will be some re-allocation within London as well as between it and the rest of the country".

Administration in London

The people involved in creating the successor organisations to NHS London are aware they will be operating with severe cost restraints.

The North Central and East London LETB transition board is one of a number of bodies overseeing the transition in the capital. A document presented to it last month said that while "current education commissioning is managed by NHS London using around £27m, this budget will be split into three and each LETB will be expected to cut the running costs by 40 per cent".

This would leave each of the three with a management budget of around £5.4m.

There are also suggestions that the management allowance figure would be capped at between 1.3 and 1.6 per cent of the total London multi-professional education and training budget – indicating an allocation of around £13m to £16m between the three London LETBs.

A cut of this size could come as quite a shock to the system and the inheritors of the education and training role admit their priority is to continue "business as usual" during the transition.

"The aim is to do things better, do them at substantially lower management cost and to make as much use of the system that is already there," said one senior manager.

Another told HSJ: "It's a huge challenge, there's a more substantive resource at NHS London than will be allocated to LETBs."

But they added: "[Overall] I get the feeling these things are the right size and give us the opportunity to do good things in the future."

Another source said there was scope to cut some SHA management cost without too great a risk to core functions.

He told HSJ: "Some SHAs have become larger than they need to be and definitely more expensive than they need to be. I do think if you benchmarked against a range of organisations, not just SHAs, there's potential for savings on salary costs."

A changed system?

Within the financial constraints outlined above, what might LETBs do differently?

One source told HSJ: "Maybe cutting the cake in terms of pathways is better than doing it in terms of numbers of doctors and nurses."

The DH hopes LETBs will allow providers to control the workforce planning for their populations and training to meet anticipated needs.

In London, this should mean more staff working in the community and on long-term conditions, but the situation will be complicated by London's role in training staff for the rest of the country.

"What is emerging is that this isn't the sort of activity that can be done by autonomous lumps of the system," the source said. "This is absolutely the sort of work that will have to be done by partnership and collaboration.

"This is where the academic health science centres and networks come into their own. We need the people who have the authority in organisations to make these changes. We need to have a governance system that is capable of commissioning and making decisions that are not based on factional things, or which part of the system you come from.

"Obviously we have to continue with business as usual but commissioning for pathways, for evolving ways of delivering care, is going to be one of the most important bits of a LETB."

There appears to be cautious support in the emerging system for moving away from a formal tender process for the providers of nursing education.

One source told HSJ: "We do see benefits in our HEIs not doing these things in a wholly competitive way.

"Operating within a smaller financial envelope you will have to look at every option for producing the outcomes you want. It could be that what you need is a mixed economy.

"There could be some things where there is no alternative to formal tendering. But it could be that our operating model can achieve results with collaborative working within a network."

But it is not clear if NHS London will press ahead with tendering in its last year.

The SHA's interim local education and training committee's April meeting considered a further non-medical tendering exercise this year. It is not known if it will go ahead.

Governance

There are concerns from London GPs that the leadership of the London LETBs will be too skewed towards secondary and tertiary care.

A GP leader told HSJ that if the acutes ran the training and education budget while leading on the integration of services there was potential for them to change the "ethos" of primary care unilaterally.

"[The trusts that will dominate these boards] are the same organisations that are picking up the lead on integrated care. If you get service redesign driven by the three big foundation trust [partnerships] the balance of power is shifted.

"There seems to be a bit of tokenism when it comes to the GPs that they have on the committees."

Nursing leaders also expressed concerns that they and other professionals could be squeezed out by overly medical governing bodies.

While acknowledging these concerns the designers of the new system pointed out the difficulties of having a fully representative board that was still capable of governing effectively.

"We can't have 30 people sat on it," one said.

Centre v local; board v board

A major source of contention between Health Education England and the London LETBs will be the total training budget given to the capital but there are other issues too.

In the context of the recent Centre for Workforce Intelligence report that said the NHS faced a wage crisis when an oversupply of consultants comes through the system, could the London LETBs competing with each other exacerbate this problem.

The DH has already set out criteria under which HEE would intervene in a LETB. One is if the actions of LETBs produce an under-supply of a given type of healthcare worker. But the British Medical Association pointed out there is no such specification for over-supply.

Chair of the BMA's education and training subcommittee Ben Molyneux said this could potentially lead to competing LETBs producing more of

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a certain lucrative specialism, orthopaedic surgeons for example, than was needed.

"It's slightly ominous that they haven't said they will intervene in the case of an oversupply," he said.

What other scenarios might prompt Health Education England to intervene?

An example given by a figure in the HEI sector was the possibility of providers deciding they would provide education themselves, no longer commissioning it from the universities.

Another workforce specialist asked: "If a LETB decides in a couple of years' time that they don't want to increase the number of health visitors, to what extent will they be allowed to get on and do that?"