

RCN response to the Monitor and NHS England consultation notice on the 2016/17 National Tariff Payment System

With a membership of around 430,000 registered nurses, midwives, health visitors, nursing students, health care assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the UK and the largest professional union of nursing staff in the world. RCN members work in a variety of hospital and community settings in the NHS and the independent sector. The RCN promotes patient and nursing interests on a wide range of issues by working closely with the Government, the UK parliaments and other national and European political institutions, trade unions, professional bodies and voluntary organisations.

Monitor is seeking views on their proposals for the National Tariff for 2016/17. Their consultation seeks feedback on proposals which are aimed at giving commissioners and NHS providers the space to manage increasing demand, restore financial balance, and to make longer term plans to improve patient care.

The RCN is not a 'relevant' provider for the purposes statutory consultations on the National Tariff, however we remain an interested party as payment issues affect our membership both directly (as members input into the development of tariffs – for example for children's out of area assessments) and indirectly (as they work in services which are paid for by the tariff).

The RCN agrees that we need changes in funding to enable the wider changes to services for the NHS to meet the needs of the current and future population. The RCN has previously highlighted that we are in a very different context to when the current primarily activity based tariff system was originally developed. Changes are required in the future to reflect the context of rising demand in the system and the planned £22bn efficiency savings. Work is needed to develop more diverse funding approaches, with potential to use population based approaches for some types of care.

The RCN has consistently raised concerns about the efficiency requirements being too high and we remain uncertain about the 2% efficiency plans set out in this consultation. The RCN would be very concerned that setting the efficiency expectation too high would simply place too much pressure on the service when there is already a projected deficit of £2.8bn for the end of the current financial year. We believe that the potential for achieving cost reductions through the tariff have already been delivered and further reductions may not be sustainable. The additional pressure could potentially compromise the ability of providers to deliver the safe, effective and compassionate care that patients deserve. We believe that there needs to be more realistic expectations for efficiency as feedback from our members on the ground highlight that some providers do not pursue real efficiency but instead pursue cuts in different forms (cutting posts, down banding, cuts in training and education, cuts in pay, terms and conditions). While we support the aim to achieve financial balance short term headcount reductions have in many previous situations lacked strategy and provided limited if any real solutions to the financial pressures being experienced. Whilst Monitor and NHS England do not make these decisions, the tariff can signal the importance of Trusts taking a long term perspective including on investment in their clinical workforce.

The RCN is concerned about whether we know enough about the links between tariff (and its underlying costing) and quality of care. Averaging nurse input across patients without sufficient account of patient dependency could be giving the NHS inappropriate tariffs that fail to pay sufficient costs for nursing. We support the potential to use Patient Level Information

and Costing Systems in future tariff, and support the exploration of nursing and acuity within PLICS. The 2016/17 consultation document appears to have limited reference to nursing activity and has not been possible to consider how far nursing costs have been reflected in the proposals.

We note the reference to pay within the consultation document and the College wishes to highlight the related issues of recruitment, retention and ensuring an appropriate balance of skills. The NHS is currently experiencing a severe shortage of nursing staff and we believe that the pay projections set out in the report are not sufficient to deal with the current challenges.

The RCN believes it is important to get a sound basis to set national prices and this includes clearly identifying sources of income that may overlap with tariff payments. This should part of the longer term strategy and be subject to further discussion on the development of improved data and quality of that data to support price setting in future. The RCN has some reservations regarding how tariff prices will be set with the necessary 'reasonable adjustments' for certain groups of patients where activity based costs may be uncertain, for example individuals with learning disabilities.

The RCN supports the underpinning principles for flexible local tariff payments where they are in the best interest of patients and are based on constructive engagement. We support the intention to evaluate and share findings and the progress made to seek resolutions that incentivise high quality care. We have some concerns about the process of levelling up between different tariff prices that takes place and support the need for better modelling and planning. Overall the national tariff system needs to take into account the wider financial instability in the NHS that is placing such intense pressure on providers delivering frontline services.

Specifically for nursing we want to be assured that tariffs provide sufficient resources to deliver high quality, compassionate nursing including training and continual professional development. We support transparency and engagement on the National Tariff, particularly with health professionals. The RCN sits on the HFMA Healthcare Costing for Value Institute Board and we continue to lobby for a greater alignment of incentives within national tariffs with the delivery of quality (for example, we believe that the incentives for ambulatory care need to be improved with the current pressures on acute hospitals).

The RCN recognises the work undertaken by Monitor and NHS England to improve engagement over the last year and welcomes the realistic decision taken by Monitor not to introduce a completely new currency design at a time when providers need to focus on financial challenges. The RCN has campaigned since 2006 for health professionals to be closely involved with shaping payment and financial incentives to ensure that these provide the most effective incentives for high quality care and effective outcomes for patients. The College is committed to supporting engagement with NHS England and Monitor on behalf of our members.

Royal College of Nursing, 8 March 2016