

# NHS finance & budget impact modelling

Pf Magazine Spring 2022

**Will 2022 be the year pharma demonstrates it has aligned with NHS ambitions, aims and goals?**

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Many decisions about the design of the financial system at the heart of the NHS are taken at national level. However, as key elements of the future NHS evolve, including integrated care systems (ICSs), new provider collaboratives and new forms of contracting, many of these decisions are also being taken at a more local level with place becoming the key point of intervention and transformational currency.

While plans to restore financial and operational performance have often proved very short-lived, pharma's support of the NHS through the pandemic signals an opportunity for industry to adapt its approach to partner with the wider NHS to and help achieve its broader aims of financial sustainability and tackle disparities in health outcomes.

New financial arrangements, including the dismantling of Payment by Results (PBR) and the increasing importance of system-wide working, accountability and responsibility makes the management of costs, delivering quality services and the metric on how that is measured everyone's business. The focus on cost generation will fall on collective performance, not just where it is generated.

**ONE SIZE DOESN'T FIT ALL** While common issues abound, ICSs will each face specific challenges in addressing national objectives. Local conditions relating to deprivation, pre-existing inequalities, prevalence of disease and multi-morbidity factors will create particular needs that shape local strategies and service delivery approaches. Understanding the impact of these and being able to tailor the partnership-working offer to suit the specific need will continue to elevate the industry beyond the sum of its products. As ICSs become legal entities, their preoccupation with corporate and clinical governance, operational structures and workforce issues will reduce. However, the pressing needs will remain; that is, to make the new entities work and deliver value-based, quality driven services that improve the experience and health outcomes for local people. The budget for achieving this will always be subject to some level of financial constraint. The way in which budget impact is modelled and articulated is not as limited.

Pharma has the opportunity to imbue its NHS partnership offer and proposals with a multi-year, whole pathway and system-wide approach via a comprehensive model of costs and benefits (both financial and non-financial), as outlined in the HM Treasury Green Book. Other areas of Government have had to follow this approach for decades, the need to address disparities, workforce and other challenges make this approach even more important to the development of sustainable and equitable healthcare in England.

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