Demystifying NHS Finance

Dr Ak Maheswaran

Every decision that a Clinician makes on diagnostics and treatments has financial implications. So, it is imperative that clinicians fully understand the value of these decisions and appreciate that reducing wasteful activity will release resources to improve patient care and ultimately ensure that our NHS is sustainable. There are ways to measure value in healthcare, but ultimately you need to balance up the improvement in quality gained against the total costs.

The Structure of the NHS is constantly evolving; the last major reform was because of The Health and Social Care Act 2012. The diagram shows the current structure of the NHS and how money flows from Parliament to the front-line organisations providing patient care.

We have also produced a Youtube animation describing the process which can be accessed by clicking here.

NHS Trusts are financed in two different ways:
- Revenue Finance – covers the day to day running of the trust
- Capital Finance – to fund the purchase of assets (building and equipment) that support provision of clinical services

Commissioners are required to use specific contracts when engaging the service of a provider. This contract determines the method by which reimbursement is provided. This is shown below:

Our Finance and Clinical Educator (FACE) network are teaching clinicians about healthcare finance. They are approachable and always willing to answer any queries you have. Find your local Finance and Clinical Educator via our website.

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futurefocusedfinance@nhs.net
Via Twitter: @NHSFFF_FACE

www.futurefocusedfinance.nhs.uk