



Department
of Health

2017-18 Education & training placement tariffs

Tariff guidance and prices from 1st April 2017

Title:

2017-18 Education & training placement tariffs: Tariff guidance and prices from 1st April 2017

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Policy

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Target audience:

This guidance is primarily for:

- HEE local offices responsible for commissioning education and training placements
- Providers of education and training placements

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Section 1 Overview

Background

1. The Department of Health introduced transitional tariffs for non-medical placements and undergraduate medical placements in secondary care from 1 April 2013. A similar tariff for postgraduate/medical trainees came into effect on 1 April 2014.
2. Prior to the introduction of the placement tariffs, payments for training placements were subject to local arrangements, creating inequities in funding. The placements tariffs aim to ensure that providers are reimbursed consistently for the training placements that they deliver.
3. The placement tariffs support the redistribution of the existing funding budget, made available by Health Education England (HEE) for the payment of the training placements.
4. To ensure that HEE could remain within its funding settlement in 2016-17, the original intention was to reduce each of the three placement tariff prices by 2%. Due to a delay in communicating these planned reductions to NHS providers, the reductions were not implemented in 2016-17, and a non-recurrent top-up was introduced. The 2016-17 tariff guidance document gave notice that the tariffs would be reduced in 2017-18.
5. Further information relating to the tariffs for 2017-18 and plans for 2018-19 are included in the NHS Operational Planning and Contracting guidance 2017-19 . The guidance includes confirmation that there will be no increase to the tariff payments in 2018-19, including a freeze on the HEE salary contributions for postgraduate placements. To provide stability to providers, HEE have also confirmed in the guidance that they will not be introducing changes to the currency design before April 2019
6. The three possible changes for 2018-19 flagged in the guidance are as follows:
 - The non-medical placement tariff. The Department of Health (DH) consultation on education funding reforms could lead to structural changes from September 2018. HEE will continue to fund the non-medical placement tariff on the same basis as 2016-17, provided there are no material changes to placement numbers;
 - Dental undergraduate tariff, where the Department of Health is proposing changes to the structure of the tariff from April 2018; and
 - The potential expansion of the standardised education and training tariff for primary care placements.

Section 2 Purpose

7. This guidance document provides information relating to the 2017-18 Education and Training (E&T) placement tariffs, specifically the;
 - powers and requirements with regards to application of the tariffs
 - scope of the placement tariffs
 - calculation of the placement tariffs
 - placement tariff prices
 - impact of the 2017-18 tariff prices on the existing transitional arrangements
 - implementation of these tariffs locally, including where to direct any queries
 - ongoing work within HEE to improve the transitional tariffs

Section 3 Powers and requirements

8. Powers and requirements with regards to tariffs for E&T placements were set out in legislation, in the Care Act 2014¹. These powers came into force in April 2015 and are as follows:
 - The Secretary of State may specify a tariff setting out approved prices, which may be different for different types of E&T.
 - A tariff specified in this way must be published.
 - The Secretary of State may specify a procedure for varying the approved prices – the procedure must be published and any prices that have been varied must be published.
 - A published tariff or variation procedure may be revised or revoked by the Secretary of State.
 - Payments made by HEE or one of its local offices must be made with reference to the approved price, or price as varied under the approved procedure.
9. The Secretary of State is publishing the approved prices and the procedure for their variation by publishing this tariff guidance.
10. In line with the agreed procedure, HEE will publish details of any price variation.

¹ <http://www.legislation.gov.uk/ukpga/2014/23/part/3/chapter/1/crossheading/tariffs/enacted>

Section 4 Scope of the 2017-18 tariffs

11. The placement tariffs are applicable to all placements that take place in England at any type of provider organisation (whether NHS funded or not), unless explicitly listed as excluded in section 5 of this document.
12. A placement in England that attracts a tariff payment must meet each of 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 time for clinical exams and study leave) 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
 - is not workplace shadowing.
13. Any time spent by students and trainees at a provider organisation which does not meet this definition are not covered by the tariff payment mechanism. The funding for this activity should be determined locally by the provider and commissioner.
14. The E&T placement tariffs cover funding for all direct costs involved in delivering E&T by the provider, for example:
 - Direct staff teaching time within a clinical placement
 - Teaching and student facilities, including access to library services
 - Administration costs
 - Infrastructure costs
 - Education supervisors
 - Pastoral and supervisory support
 - Trainee study leave and time for clinical exams pending introduction of the changes outlined in paragraph 17-20 of this document.
 - Health and well-being (excluding any occupational health assessments that are carried out by the university and funded separately)
 - Course fees and expenses (as required to achieve professional registration)
 - Student/trainee accommodation costs
 - In-course feedback and assessment
 - Formal examining

- Staff training and development relating to their educational role
15. The tariffs do not cover:
- Tuition costs
 - Items funded under Education Support, such as
 - Foundation Programme Directors
 - Foundation Programme administration support staff
 - Heads of Schools
 - Programme Directors
 - Core Leads
 - Relocation costs and exceptional travel costs
 - Directors of Medical Education / Associates
16. Training placements that take place outside England but are commissioned by HEE and its local offices should be paid for at a locally agreed rate, although it may be appropriate to use the published national tariff as a starting point.(see section 10)

Trainee Study leave

17. As a result of the junior doctors contract negotiations a working group was set up to look at many different issues faced by junior doctors. Trainee study leave was one of the issues that junior doctors expressed significant discontent with.
18. The working group has proposed that HEE centralises the study budget nationally, in order to ensure that trainees receive the funding that they require to progress through their specialty curriculum, across the whole length of their programme. This would replace the current system, where trainees are generally granted a notional fixed annual allocation common across specialties within a region or employer, which does not necessarily cover the required costs of meeting their curriculum – which will vary between specialties and across the length of a programme. The intention is to introduce this approach for managing the study budget with effect from February 2018.
19. The study budget proposals were presented to the Department of Health Tariff and Costing Advisory Group in November 2016. Engagement with employers is now underway to demonstrate the efficiencies and advantages of managing the study budget nationally, for both trusts and trainees. HEE are also planning to hold discussions with trainees, in order to achieve consensus that a standardised approach for managing the national study budget will deliver not only greater equity, but increase flexibility for trainees – as funds will be released according to individual training requirements and opportunities.

20. Widespread consultation is underway to establish a consensus as to what constitutes essential experience for progression, and also what adds value to a trainee's portfolio – because the existing opportunity to use study funding towards individually determined enhancement activities is positive and not intended to be lost. It is accepted that variation will occur by specialty and geography; however, the intention is to remove geographic inconsistencies and unfairness for trainees in the provision of resource and support for meeting curriculum requirements

Section 5 Exclusions

21. There are a number of exclusions specific to one or more of the placement tariffs; these are detailed below for information.

Undergraduate medical placements exclusions

22. The tariff for undergraduate medical placements excludes:
 - Placements in hospices
 - Medical placements in GP practices
23. At present, the price paid for undergraduate medical placements in GP practices varies across the country creating inequities in funding.
24. The Department of Health and HEE are working with a group of experts in general practice to determine the true costs of providing these placements in GP practices.
25. While this work is underway, providers will continue to be funded using existing arrangements.

Placements for dental students and trainees

26. A national indicative tariff was set for undergraduate dental placements in 2006, however this has been reviewed locally in subsequent years, resulting in a move away from a consistent price, back to prices based on local agreements.
27. Whilst the variation is narrower than for undergraduates in primary care due to the common starting point in 2006, HEE is looking to review prices paid and revert back to a standard consistent tariff in 2018-19.

28. Undergraduate dental students on medical placements (“medical for dental”) are paid at locally agreed prices, under a separate funding stream to that for undergraduate medical or dental placements.

Postgraduate medical placements - exclusions

29. The postgraduate national tariff is not applicable to:
- Dental trainees
 - Placements in GP practices (although hospital placements for GP specialist registrars are covered by the tariff)
 - Placements in hospices
 - Placements in Public Health
 - National Institute of Health Research (NIHR) trainees
 - Less than Full Time (LTFT) trainees
 - Trust funded posts
 - Nationally introduced one-cycle posts (ie any remaining Hewitt and Johnson posts), which remain out of tariff until the end of the individual’s training cycle
 - Out of Programme Experiences, where individuals temporarily step off the standard training programme
 - Doctors in Difficulty
 - Ministry of Defence training posts
30. Where a category of trainee is not covered by a tariff, placement funding must be agreed locally between the commissioner and provider. It may be appropriate to use the published national tariff as a starting point for these discussions.
31. Funding for placements commissioned by HEE and its local offices must not be used to subsidise any element of the cost of placements for non-NHS funded students/trainees.

Section 6 Calculation of 2017-18 placement tariffs

32. The 2017-18 tariff prices are included in table 1 below.
33. In line with previous years, the tariffs are adjusted by the Market Forces Factor (MFF) to compensate for the cost differences of providing training placements in different parts of the country.
34. For simplicity, the MFFs that are used for payment are the same as those applicable to the service tariffs. Further information on the MFF, including the current rates, is published by NHS Improvement².
35. Please note that the salary contribution is based on the salary for the post rather than the salary of the individual filling the post and is not multiplied by MFF.

Table 1: 2017-18 tariff prices

Type of placement	Tariff for placement activity 2017-18
Non-medical	£3,112 + MFF
Undergraduate medical	£33,286 + MFF
Postgraduate medical	£12,152 + MFF Plus a contribution to basic salary costs as per Annex A

36. Specific information relating to local payment of the placement tariffs is set out below.

² <https://improvement.nhs.uk/resources/national-tariff-1719/> under "Guidance on the Market Forces Factor"

Non-medical tariff

37. HEE is committed to maintaining placements to support the existing level of non-medical students. Where changes to Student Funding leads to increases in intakes of students then HEE does not have the resources to increase the placements. The Department of Health is working with all relevant delivery bodies and external partners to develop an appropriate future system for clinical placement commissioning. The government will set out its position in the second part of its official response.
38. Payment of salary support for the professions covered by the non-medical placement tariff is at HEE's local discretion.

Undergraduate medical

39. The placement tariff is applicable only to students who are included within the Higher Education Funding Council for England (HEFCE) intake target of medical school places. Placements for students who are not within this target are subject to locally agreed funding arrangements.

Postgraduate medical placements

40. For postgraduate medical placements, tariff funding is on the basis of training posts. Investment specific to individuals will usually be excluded from the tariff, as set out above. The local office of HEE may agree to maintain the salary element to support a locum appointment; however, the placement tariff payment could be withheld for long term vacant posts. Prior to any changes to existing tariff payments, this should be discussed and agreed between the HEE local office and placement provider.
41. HEE will continue to make a contribution to the basic salary costs of all postgraduate medical students. The amounts payable from HEE for postgraduate salaries are included in Annex A and vary to reflect national, fringe and London pay scales.
42. As indicated in the NHS Operational Planning and Contracting guidance 2017-19, there will be no increase to the salary contributions from HEE in 2017-18 and the amounts will remain consistent with the salary contributions in 2016-17

43. We are aware that there are some local arrangements in place for the payment of salaries, including commissioning on the basis of weighted average pay costs. Where it is agreed locally to commission on the basis of weighted average pay costs for a whole rotation of staff at different grades then the existing price being paid in 2016-17 can be maintained.
44. Where no agreement can be reached locally around payment of a weighted average then the payments made to a Provider should reflect the payments included in Annex A.

Section 7 Currencies for tariff

45. The tariffs in 2017-18, will continue to be paid based on a year's worth of placement, i.e. the tariffs fund a year's worth of placement at a provider. For example, if a provider took two students for half a year each, they would receive the full tariff, whereas if they took only one student for half a year, they would only receive 50% of the tariff.
46. Where HEE make payments on the basis of "student weeks", the rate is likely to vary to reflect local placement practice. The length of the placement will be determined by the time the student/trainee spends receiving the direct clinical training as defined within the outcome standards of the regulatory body.
47. Funding for placements commissioned by HEE and its local offices must not be used to subsidise any element of the cost of placements for non-NHS funded students/trainees.

Section 8 Transitional arrangements

48. To ensure that NHS providers were not destabilised through the introduction of the tariffs, the payments for placements have been subject to transitional arrangements. This means that provider gains and losses under tariff have been limited on a year by year basis, compared to the funding previously received for E&T through local arrangements.
49. These transitional arrangements will continue in 2017-18 with the initial assessment of annual losses of £2m or 0.25% of income and the rate at which gains can be made continuing to apply. The reduction in tariff of 2% applies to all placement providers, irrespective of whether they are losing or gaining, and does not affect the initial transition plans.

Changes in activity

50. The transitional arrangements associated with the move to tariff accounted for the impact of pricing changes on the levels of activity at the time of transition. To reflect any changes in volume since the point of transition, HEE will adjust the income to a provider to reflect any increase or reduction in activity for 2017-18.
51. Any changes in income to reflect changes in activity should be agreed locally between HEE and the relevant NHS provider. HEE will share details of the activity underpinning the proposed adjustment with the relevant NHS provider for agreement. Where there is no initial agreement of the activity, the NHS provider should share additional information with HEE to determine the requirement for further local discussions and negotiation.
52. Changes in activity should be paid or deducted at the full tariff rate, including payments for any activity transferred to Primary Care and/or the independent sector. Where reducing activity at full tariff from a provider who is currently paid below tariff would result in a negative payment then the local office should agree the appropriate amount to remove. It should be noted that where an amount below tariff is taken from a provider, then this may limit the amount that can be paid to the new placement provider.

Section 9 Implementation of the tariffs

Lead employer models:

53. Lead employers provide an outsourced HR and payroll system for a number of postgraduate trainees. Providers hosting the post will receive the tariff payment and should refund the salary costs to the lead employer. Where there is agreement between lead employer and host, arrangements can be put in place via HEE for appropriate salary payments to be made direct to the lead employer.

Host providers/pooled support:

54. Where a provider hosts particular services, such as library services, HEE may agree the basis for any recharges that the host provider wishes to make. If all the organisations within a local area agree to a pooled support system they may agree that HEE or other named organisation manage a proportion of the placement fee on their behalf.

Local prices:

55. Appropriate local prices for any placements that fall outside the scope of the national tariff should be agreed between providers and commissioners. It may be appropriate to agree to use the published national tariff for some of this activity. Providers and commissioners should engage constructively to agree transparent local prices which are in the best interests of students/trainees.
56. Tariff funding for placements commissioned by HEE and its local offices must not be used to subsidise any element of the cost of placements for non-NHS funded students/trainees.

Section 10 Flexibilities

57. Providers and HEE can agree to adjust tariff prices and/or currencies in exceptional circumstances. This may be appropriate, for example;

- where commissioners and providers agree on an innovative way of delivering placements
- where provision of training is necessary in a given location or type of provider, but is not economically viable at the national tariff.

58. In order to determine whether the provision of training is not economically viable, the provider must be able to demonstrate that:

- Their average cost of the training placements is higher than the national tariff:
- The provider's average costs are higher than the national tariff price as a result of structural issues that are:
 - Specific to that provider (i.e. not nationally applicable):
 - Identifiable, i.e. the provider must be able to identify how the structural issues it faces affect the cost of the services:
 - Non-controllable, i.e. beyond the direct control of the provider, either currently or in the past³; and
 - Not reasonably reflected elsewhere in the calculation of national tariffs, rules or flexibilities.
- The provider is reasonably efficient when measured against an appropriately defined group of comparable providers, given the structural issues that it faces⁴; and
- The provider has tried to engage constructively with its commissioners to consider alternative training delivery models, and it is not feasible to deliver the training required at the national tariff.

59. Any tariffs that are varied from the national tariffs according to the flexibilities set out above will be published by HEE for transparency. Prices that are not

³ This means that higher costs as a result of previous investment decisions or antiquated estate are unlikely to be grounds for justifying that the provision of training is uneconomic at the national price.

⁴ If a provider is not reasonably efficient when measured against an appropriately defined group of comparable providers, it would have to demonstrate that its costs would still be higher than the national price, even if it were reasonably efficient.

equal to the national prices due to the provider's transition plan do not need to be published by HEE as tariff variations.

60. Where a small amount of placement activity is commissioned from a provider and the burden of administering the payment system to the provider would be disproportionately high compared to the appropriate tariff payment, then the commissioner and provider may agree to local support arrangements. This could see the continuation of existing local support arrangements, possibly on a payment in kind basis, equivalent to tariff value.

Section 11 Further work

61. Below is some further information relating to ongoing areas of work, linked to the calculation and implementation of tariffs for E&T.

Integrated cost collection

62. The E&T data collection in 2015-16 was part of a new nationally mandated integrated cost collection exercise, where the costs of E&T, rather than the income received, were excluded from the service reference costs.

63. The main aims of the integrated collection exercise are to;

- ensure providers get a better understanding of their service and E&T costs;
- improve the quality of the data submitted in the collection;
- identify any potential requirement to rebase budgets;
- ensure providers are reimbursed fairly for the service and E&T that they deliver;
- reduce the burden on NHS providers of multiple data collection exercises.

64. The costs of E&T for 2016-17 will continue to be collected as part of an integrated collection. Further information relating to the collection is captured in the 2016-17 combined cost collection⁵ guidance

Currency Development

65. The collection of the data at a granular level through the cost collections is necessary to enable HEE to establish currencies which are realistic and appropriate for payment. HEE developed proposals for the non-salaried currencies using the outcomes from the 2014-15 cost collection these are currently being updated to ensure that the principles devised are still correct. The outcomes of the 2015-16 exercise will be used to progress currency design of the salaried currencies. The provider sector will have an opportunity to provide feedback on the proposed currencies via a consultation which will take place during 2017.

HEFCE funding

66. The main area of feedback received in response to the implementation of the tariffs has been around having a clear definition of what is funded through the HEE placement tariff and what is funded by the higher education institute through the student loan, benchmark price or via HEFCE.

⁵ <https://improvement.nhs.uk/resources/approved-costing-guidance/>

67. HEE are continuing to work closely with HEFCE in order to provide additional information around the split and what should be funded from each funding source. HEE intends to work closer with HEFCE during the upcoming year in order to disentangle the funding sources.

Section 12 Queries

68. Any policy queries associated with the development of the placement tariffs should be directed to the Health and Social Care Workforce Strategy team using the [E&T mailbox](mailto:Educationandtraining@dh.gsi.gov.uk)⁶
69. Queries on the implementation of the tariffs should be directed to your HEE local office in the first instance, and escalated to the HEE central team where necessary, using the [HEE tariff mailbox](mailto:HEE.Tariffs@nhs.net)⁷.
70. Frequently asked operational questions will be published on HEE's website⁸.

⁶ Educationandtraining@dh.gsi.gov.uk

⁷ HEE.Tariffs@nhs.net

⁸ <http://hee.nhs.uk/work-programmes/resources/tariff-guidance-and-implementation/>

Annex A – 2017-18 salary contributions for postgraduate placements

- Below are the salary contributions that HEE will pay for each post graduate placement. As indicated in the NHS Operational Planning and Contracting guidance 2017-19, there will be no increase to the salary contributions from HEE and the amounts will remain consistent with the salary contributions in 2016-17

Hospital & community health services (HCHS) salaries				
Grade	Spine point	HEE Salary Contribution		
		National £	Fringe £	London £
F1	Minimum Point of the FHO1 scale	14,415	14,509	15,791
F2	Minimum Point of the FHO2 scale	17,879	17,974	19,256
F1D	Minimum point of the FH01 Scale	14,415	14,509	15,791
F2D	Minimum Point of the FHO2 scale	17,879	17,974	19,256
F1 Community	Minimum Point of the FHO1 scale	14,415	14,509	15,791
F2 Community	Minimum Point of the FHO2 scale	17,879	17,974	19,256
ST1/CT1	Minimum point (0) of StR scale	19,105	19,200	20,482
ST2/CT2	Point 1 of StR scale	20,274	20,369	21,651
ST3/CT3	Point 2 of StR scale	21,907	22,002	23,284
ST4	Point 3 of StR scale	22,894	22,989	24,271
ST5	Point 4 of StR scale	24,085	24,180	25,462
ST6	Point 5 of StR scale	25,277	25,371	26,653
ST7	Point 6 of StR scale	26,468	26,563	27,845
GPST1 Hospital	Point 1 of StR scale	20,274	20,369	21,651
GPST2 Hospital	Point 2 of StR scale	21,907	22,002	23,284
GPST3 Hospital	Point 3 of StR scale	22,894	22,989	24,271
GPST Hospital placement (point not specified)	Point 2 of StR scale	21,907	22,002	23,284