Kirimana pūtea | Funding contracts

A presentation for members of Platform Trust 7 October 2024

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Presenters



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Horopaki | Context

- Current operating climate: Government funders are increasingly focused on aligning funding for health services with stringent performance requirements and government health and social sector priorities. This has led to a more rigorous evaluation of service delivery and outcomes.
- **Funding risks:** Providers face risks of funding reductions or clawback for not achieving specified outcomes, failing to provide adequate reporting, or delivering services that do not align with government priorities.
- **Contractual compliance:** It is crucial for providers to carefully review their service contracts to understand the following to help mitigate risks and ensure continued funding:
 - performance metrics
 - reporting obligations
 - compliance requirements

Te kaupapa o tenei wāhanga | Purpose of this session

For providers under health services contracts with Government funders to foster greater understanding and proactive risk management

Rārangi take | What is covered



Key clauses

Funders' right to introduce changes

Type of clause		
-	Funder's right to vary the contract to comply with any requirement imposed by the Crown	Can be very broadly drafted, and may not have a notice requirement.
-	Funder's right to terminate the contract due to lack of funding from National Commissioning	May be very broadly drafted, but often funder is required to give notice.
-	Right to undertake contract review	Funder may have the right to corrective measures (e.g. to alter performance, KPI structures etc connected to fees).
-	Any other general right of the funder to unilaterally introduce changes for any reason	Check your special terms.

There may be a **consultation process** to be followed with the provider before a variation becomes effective, but "consultation" does not necessarily mean that the provider's feedback must be taken into account

Key clauses

Performance failures

Type of clause		
-	(General) Funder's right to terminate, vary or withdraw from coverage of services where the provider has failed to meet its obligations	Usually the provider has the opportunity to remedy the default within a specified period
-	(Specific) Contract specifies a particular outcome (e.g. reduced funding) where the provider has failed to meet a specific obligation	 Depends on your contract, e.g: failure to deliver specified service hours failure to produce satisfactory reports (timeliness/quality)
-	Funder's right to withhold payment of invoices, where the provider has failed to meet its obligations	

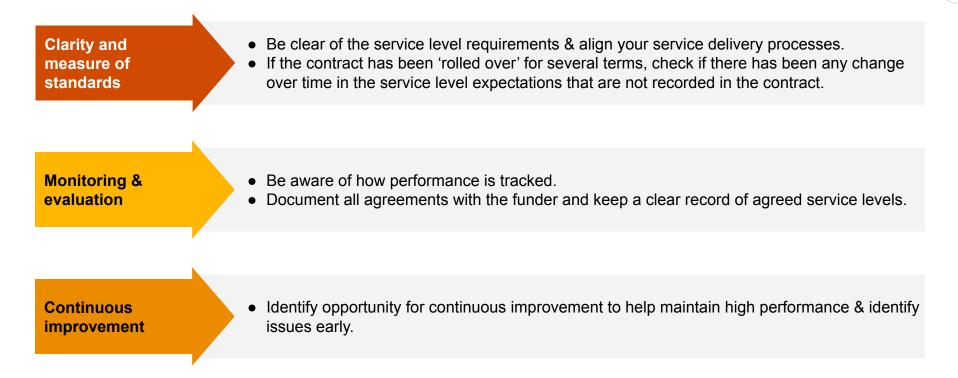
Key clauses

Funders' right to require repayment (clawback)

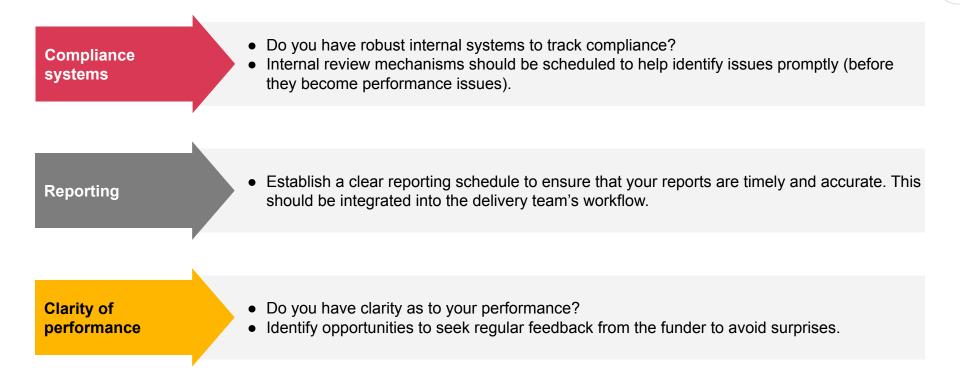
Type of clause		
-	Where there has been a breach by the provider	 Can be broadly drafted. Examples: failure to deliver services failure to submit satisfactory/timely reports The funder may have the ability to determine the amount to be repaid.
-	If funding has not been applied as required	Financial reports or audit reveal underspend or funding utilised otherwise than to deliver the specified services.

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Performance standards



Compliance and reporting



Proactive management

Risks related to • Understand your risks related to contract compliance and service delivery. compliance & service delivery **Mitigation** What are your mitigation strategies to address potential risks? strategies What contingency plans do you have to manage unforeseen challenges and ensure Contingency continuity of service? plans • What is your 'burn rate'?

Ngā mihi mahana

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