

**NHS MANAGEMENT EXECUTIVE**

Department of Health

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From the Chief Executive

**D.K. Nichol, C.B.E.****EL(89)MB223****14 December 1989****Dear Regional General Manager****NHS REVIEW COSTS**

The allocations to health authorities for 1990-91 announced today include £77m for implementation of proposals in "Working for Patients". This letter explains the purposes for which this funding is being provided; and the arrangements for reporting progress towards objectives in these areas.

The bulk of this - almost £60m - is to develop and expand the finance and personnel functions to meet the new demands which the changes will bring and for training. Priorities between and within these areas are for managers to determine, but the money is not available for spending other than in these areas.

**Finance Staff**

Sheila Masters wrote to all RGMs on 29 June setting out the basis for allocating money in respect of the finance function for 1989-90 and what it was to be used for. In essence authorities were expected to start to strengthen the finance function, in particular at unit level. That allocation was non-recurrent and it is expected that at least the amount allocated for finance staff in 1989-90 will now be allocated to district health authorities on a recurrent basis.

1989-90 was, however only a start on the process of strengthening the finance function. That strengthening, which can encompass numbers of staff, the pay of finance staff and training, will need to continue if the White Paper reforms are to be implemented

successfully in April 1991. Regional Directors of Finance have already been asked to prepare finance staff strategies for their region by the end of 1989. These will show, inter alia, the numbers and types of finance staff required and how this will be achieved. It should also show the extent to which the Joint Finance Manpower Action Plan (EL(89)MB/74) has been implemented. It will also highlight any gaps which need to be dealt with, perhaps by using consultancy support. Your Director of Finance should therefore be able to produce for you a costed strategy early in 1990 and you will need to bear this in mind when determining the additional amounts needed in 1990-91 to ensure that all authorities and units in your region are capable of operating in the post White Paper era.

Accordingly your report on how you intend to allocate the additional funding should cover:

- a. the amount that you intend to allocate for strengthening the finance function; distinguishing between amounts for posts, pay, training and consultancy;
- b. the basis of allocating to districts;
- c. the relationship to the finance staff strategy prepared by your Director of Finance and where the amount allocated is insufficient to meet that strategy, the implications in terms of readiness to implement the White Paper.

Your report should be submitted to NHSME (the Director of Finance) by 30 March 1990.

#### Personnel Staff

The broad policies were set in RGM(89)13 and reiterated in EL(89)MB/118. The eventual objective is to build up Personnel Departments in all main provider units covering all the main human resource functions. Subject to decisions on the proposals in Working Paper 10, RHAs will retain a strategic function with particular emphasis on supply of qualified manpower. The eventual DEA personnel role, if any, remains to be determined, but there will continue to be a substantial District role in the short term, both to effect the transition to the management arrangements and to provide specialist support to units which do not have a full scale department.

A unit Personnel Department providing all the main functions is likely to need at least ten staff. This assumes that line managers will undertake a substantial range of operational personnel responsibilities.

It will clearly take time to establish full scale departments in all main provider units. Immediately authorities should plan, in addition to funding the full year costs of developments started in 1989-90:

i. to ensure that units which are likely to become self-governing in 1991 are equipped with the personnel skills and systems which this will require;

ii. to provide necessary personnel skills and support for the introduction and effective use of local flexibility on pay and conditions of service.

As with finance staff, this special allocation is available both for recruiting additional staff and for training and development of existing staff. The balance is for authorities to decide.

In considering training for flexibility in pay and conditions of service, the needs of line managers should be considered as well as those of personnel staff.

A report on the progress which is expected to be made towards the above objectives in 1990-91 should be made to the NHSME (Director of Personnel) by 30 March 1990, indicating the sums to be spent on development of the personnel function and, if possible, the likely breakdown between additional staff and training. Reports should distinguish between developments in potential self-governing units and elsewhere.

### Training

White Paper implementation will give rise to a range of training needs in addition to those identified above. In part these will be White Paper specific - for example, training needs relating to contract negotiations, capital charging, quality assurance and marketing - but the objectives of the White Paper will not be achieved without a general strengthening of middle and junior management in both general management and the professions.

It will be for authorities to determine their own balance between the various training needs but the NHSME expects to see progress toward implementation of national strategies and use of national training frameworks such as:

- 'Managing Health Services' (formerly the Management Education Syllabus for Open Learning);
- 'Providing Health Care, (Health PICKUP);
- GMTS II and III

Because, however, the scope of Managing Health Services and Providing Health Care is still limited at present, the possibility of commissioning tailor-made training for certain groups of staff, eg junior nurse managers, needs to be considered.

Whatever the objectives of training, the mode must be increasingly through open learning, and the target audience not limited to those who work the conventional 9 to 5 day.

Project 2000, post-registration training for nurses, and general management training for consultants and training for the RMI and IMT are all the subject of separate allocations/national initiatives and should not be included in expenditure under this heading.

Regional Health Authorities are asked to report to the NHSME (Department of Personnel) by 30 March 1990 their plans for training initiatives in 1990-91 within the scope of this allocation, and the sums which they propose to set aside for them.

#### Capital Charges

A separate recurrent allocation of £5m in total is being made to fund the staff costs of maintaining capital charges data. It is important that this money is allocated by regions to districts where the work will be carried out. A report should be made to the NHSME (Capital Charges Unit) by 30 June 1990 on how the money has been allocated to districts.

#### 100 Consultants

£12.4m is being provided to cover the full year costs of the 35 additional consultant posts created in 1989-90 and is being allocated in line with the distribution of these posts. Further funding for the additional posts to be created in 1990-91 will be available once decisions on these posts have been taken.

#### Other NHS Review Costs

Further sums will be available for other Review related projects in the course of 1990-91.

*Tom Nichol*

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This letter will be cancelled and deleted from the current Communications Index on 14 December 1990 unless separately notified.