THE SCOTTISH OFFICE
National Health Service
Management Executive

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Dear Colleague

RESOURCE MANAGEMENT: PROGRESS AND REVISED IMPLEMENTATION AND FUNDING ARRANGEMENTS

Summary

1. This letter informs Health Boards and NHS Trusts of current progress, explains the Management Executive's policy for the introduction of Resource Management (RM) and provides a framework for the provision of central funds to support the process. It is intended to ensure that all acute Units implement the RM process as quickly as possible and include this within their business plans.

2. It is important to recognise that other initiatives currently receiving the attention of Unit General Managers will be more successful if resource management in its widest sense is fully implemented. The RM process has a close inter-relationship with business planning, contract management, internal management arrangements and service level agreements monitoring and its implementation should assist in the successful running of an NHS Trust.

Action

3. In the context of their 3 year rolling IS/IT investment plans Boards and NHS Trusts are invited to consider their priorities for the implementation of RM within acute units.

4. Each Board and NHS Trust is invited to submit proposals for the implementation of RM in their Units. The proposals should, in the first instance, be constrained only by the capacity of the site to absorb the process and by the prerequisites described

below. We will then discuss separately with you further practicalities including funding.

5. This letter is being copied directly to Unit General Managers for their information/action.

Progress to date

6. You will be aware of work that has been underway at a number of acute units in Scotland to establish the resource management process in which steps are taken to involve clinicians in the management process and information systems are put in place to inform all who manage resources.

7. Computer based Clinical and Resource Information Systems (CRIS) have been procured for seven sites to date and a further seven/eight sites will be tackled in 1992/93. The first of these will be Fife Acute Unit where procurement activity has started and other sites will be established in the Greater Glasgow, Lothian, Highland Health Boards areas.

8. The programme is expected to extend to the remaining acute units over 1993/94 and 1994/95 but in view of the urgent need to introduce supporting information systems to Units we are keen that any ways of accelerating the process are identified. The precise structure of that programme will be settled later this year in discussion with Units taking account of their state of readiness and the availability of resources. As the programme takes shape I will keep you informed.

9. You should note that while we will continue to sustain the resource management programme in the acute sector we are also making a start on developing information systems for priority services areas. You will hear more of our plans for this in the coming year

Pre-requisites for entry to the RM Programme

10. The key objectives for Resource Management in Scotland remain as before and focus on more effective management of resources for the benefit of patients. In addition there are further more specific objectives related to the 3 main areas of the RM process ie. a devolved medical management structure, information systems and organisational development and the management of change. Together these objectives, as summarised in Annex A, characterise the introduction of RM in a Unit. For these objectives to be achieved it is imperative that the Unit General Manager demonstrates total commitment and support to the process and is prepared to lead senior clinical and management colleagues through a lengthy and demanding implementation process. This is an essential and first pre-requisite for any prospective RM site.

11. Another pre-requisite for the introduction of the resource management process and the associated patient based Clinical and Resource Information System (CRIS) is that a satisfactory range of operational information systems is in place within the Unit to act as feeder systems to the CRIS. If the systems are not in place, a firm commitment to an implementation programme may be acceptable. The systems should include:-

- Patient Administration
- Theatre Management
- Radiology
- Laboratory Systems
- Ward Nursing Information
- Financial Management
- Contract Management

Health Board Role

12. The Health Board will be responsible for extending the implementation of resource management to all its Directly Managed Units and for ensuring that the implementation plans are compatible with its health and information strategies. However lead responsibility for RM must rest with the Unit itself.

13. The Board should take every opportunity to facilitate implementations by providing assistance in staffing terms. In addition it may co-ordinate the applications from Units for central funding to assist with the introduction of RM although any funding provided will be specifically earmarked for the Unit.

NHS Trusts

14. The central RM team will deal directly with NHS Trusts and central funding will be available to NHS Trusts as explained later.

Basis for Implementations

15. Before the process of introducing RM can be started in any Unit it is necessary to define the scope and main objectives of that particular project together with any-related sub-projects. The satisfactory completion of such a project definition is a pre-requisite for the release of central funds. Experience suggests that a workshop at Unit level is the best way to create the project definition. The central team will be happy to advise on this and participate.

16. The implementation process which then follows (see Annex B) must take account of and support the Unit business planning activity. It must be in line with the Unit's own information strategy and in turn with the National and Board Strategies.

17. All projects established and wishing to attract central funding will be expected to be properly structured and adhere to the PRINCE project management method. Appropriate reporting and change control mechanisms must therefore be established in each site and a full project plan will be required together with agreed milestones and a monitoring strategy.

Central Support

18. Central support for the projects will be provided by the Scottish Co-ordinator (RM) and members of her team. For instance the Project Board in each site will include representation from the central RM team and the sub-projects will be supported in their definition phases by the team. Support will then be available at regular intervals to facilitate progress and assist in the achievement of objectives.

19. A centrally sponsored and on-going development programme for Project Managers has already been established and this will be extended to cover the needs of the RM teams in the sites. The complex nature of these projects necessitates this central initiative and it is recognised that commitment to the development of skills and knowledge must continue.

20. A Scottish shortlist of three CRIS suppliers is available and each Unit will develop its own site specific operational requirement using the nationally prepared framework. Once this is done and the three suppliers are asked to respond the Unit can begin a 6 - 9 month phase of demonstrations, clarifications and finally an award of tender for the supply of CRIS.

21. The CRIS procurement process is supported by the RM central team but because of the large sums of money involved and the complexity of EC regulations further advice will be available from the HSD Procurement Section.

Central Funding

22. The Management Executive accepts the need to provide a suitable level of central funding to ensure, and encourage, early progress. However, local sites must realise that commitment of staff, finance and technical resources will be essential to ensure success. Because of demands likely to be made on central funds there must be an agreed implementation programme and inevitably some Units may have to wait longer than others for funding to be available.

23. In the light of the development of the "purchaser" and "provider" functions and the need to expand the RM programme even more rapidly it is now appropriate to revise the arrangements for both implementation and central funding of Acute Units. There are a number of areas where considerable

expenditure is required in order to implement RM successfully. These are explained in Annex C together with funding arrangements.

Yours sincerely

C B KNOX
Director of Information Services

Annex A

OBJECTIVES OF RESOURCE MANAGEMENT

Introduction of the resource management process has the following objectives:-

- to meet the health care needs of patients and the local population by helping doctors, nurses and other health professionals to apply available resources more effectively;

- to facilitate the evaluation of standards of care in association with clinical audit and to achieve a measurable improvement in patient care;

- to allow monitoring of resource requirements and of the consequences for patient care of policies and decisions on the use of resources;

- to identify priorities and those areas where resource allocation should be changed to reflect changing or constrained circumstances; and

- to enable local targets to be set and achieved.

On this basis when introducing RM at a site there are 3 main areas of the process which have more specific objectives. These are:-

Devolved Medical Management Structure

- To develop a management framework which recognises that clinicians are the major departments of expenditure and which involves them fully in the management process.

- To devolve authority, management responsibility and accountability within the new model

- To encourage decentralised, more informed and faster decision making.

Information Systems

- To provide improved information which will facilitate the dialogue between managers and clinicians on the deployment of resources.

- To provide patient based information which, together with locally developed care profiles, will facilitate the clinical process to achieve an improved patient care.

- To provide patient based costed information which will support the contracting and business planning process.

- To enable local targets to be set by providing managers with aggregated information which enables strategic and corporate planning.

Organisational Development and Management of Change

- To enhance the knowledge, attitudes and skills of staff and as a result allow the culture to develop and support the new initiatives.

- To ensure that resource management becomes an integral part of the everyday running of the unit.

Annex C

PROVISION OF CENTRAL FUNDS

The Management Executive will provide some financial support for the implementation of the resource management process into Acute Units and will also meet certain elements of capital expenditure relating to the necessary computer equipment for the collection and processing of the required clinical and resource information. An explanation of how the funding is provided together with an indication of the likely level of support which a large Acute Unit can expect is given below .

(NB Boards/Units/Trusts should note that these figures are indicative and could be lower in the cases of smaller Units or where a roll-out from a previous unit is involved).

Revenue Expenditure

The revenue funding will be based on a project life of no more than 3 years starting from the appointment of the Project Manager.

This will mainly be in connection with the costs of:-

- a project manager and team for the introduction of RM; and

- the initial support costs of implementing an agreed Organisational Development Strategy

The revenue allocations to support each implementation site will come from the Systems Implementation Fund (SIF) and will be made available only on the recommendation of HSD. HSD will need to be satisfied that at all times the project is being managed using PRINCE project control method.

The mechanism for the release of money is that the Scottish Co-ordinator (RM) will make recommendations for the allocation of both capital and revenue funds as appropriate in line with the terms of the circular and based on monitored progress in each site. The Management Executive will then increase the cash limited allocations to the Unit or Trust concerned.

Following the appointment of the initial project team, the establishment of the Project Board and agreement of the project and sub-project definitions an initial sum of £100,000 will be provided towards the costs of running the project team. The composition of such a team, which is likely to build up over the first year, but would broadly comprise a Project Manager, an Organisational Development (OD) post, Project Accountant, IT post, a part-time project doctor and a Project Administrator.

(NB. The Directorate can provide model job descriptions and indications of appropriate gradings for these posts but it is for the appropriate Project Board to agree the team most suited to meet its own needs taking account of existing skills available to them).

An Organisational Development Strategy is seen as key to the success of the projects and recognition of this is reflected in the level of funding available to sites. Units will be expected to address the need for continuing support for this activity after the life of the project.

Once the Unit have agreed an OD Strategy and prepared a detailed first year implementation plan, a further £30,000 will be released to support that plan.

The 2nd year's project team allocation will be released one year after the appointment of the project manager but only after the Unit have completed a project review workshop in conjunction with the central RM team. At that time it is expected that the project team will need to be supplemented to ensure a successful implementation of the Clinical and Resource Information System (CRIS) with particular emphasis on the development and utilisation of information to support the business planning process. This could include the addition of a Systems Administrator and an Information Officer together with input from nursing to support the OD plan and more general support to allow training for medical records, coding and secretarial staff. A contribution of £175,000 will be provided towards the costs of year 2 and will of course also reflect the fact that the project team costs will be mainly for the full year.

When the Unit can demonstrate that there is a formal plan to continue OD work as outlined in its strategy a 2nd year's OD allocation of £30,000 will then be made.

The 3rd year's project team revenue allocation will be a further £125,000 and will be released once the Unit have satisfactorily completed their second project review exercise in conjunction with the RM team. Part of this review must include the preparation of a plan to ensure the integration of the work or the project with the every day functioning of the Unit. Appropriate plans to support on-going revenue costs must be included along with a commitment by the UGM to continue to support organisational development at all levels in the organisation.

In summary the total revenue allocation available to major Acute Units will be released as project milestones are reached as described below:-

Project Year	Milestones	Allocation
1st Year	Project Manager appointed Project Board established Project Definition agreed Project Team appointed Sub Project Definitions agreed.	£100,000

It is not possible to provide anything other than indicative figures as the actual capital costs will depend on the size of the particular implementation and will therefore vary from site to site. Costs are not only dependant on hardware/software needs but could be affected by arrangements for the provision of the computing eg, through the sharing of hardware between Units where appropriate.

Experience to date has shown that the capital cost of purchasing and implementing CRIS in a 1,000 bed acute Unit is in the region of £750,000. This indicative cost covers a maximum concurrent user-base of 64 and includes interfacing work to standard feeder systems. Sites will benefit from central work presently being undertaken on data exchange mechanisms for the nationally recommended feeder systems, thus preventing repetitive work and expenditure. It should be noted that funding is not available at this time to support the purchase of Ward Order-entry Systems.

The funding for feeder systems and communications networks etc is generally provided to Boards/Trusts through allocations from the CDCF each year. HSD will not provide RM sites with specific additional funding for feeder systems and it will be for these sites to negotiate priorities with the Health Board, if appropriate, for the necessary implementation of such systems. However as previously explained some additional financial support will be provided to meet capital costs as follows:-

- an initial £25,000 start-up allowance to enable the project team to equip itself with any necessary audio/visual equipment, word processing and other equipment etc to support its initial operations and presentation/training sessions; and

- £60,000 towards the costs of PCs and printers etc as part of the initial implementation phase.

In addition HSD will consider, on a case by case basis, the provision of up to £50,000 towards communications/cabling work.

Boards will be expected to provide any further hardware to support the implementation taking account of existing equipment and an ability to fit in with project implementation plans.

Allocation of Funds

Any capital or revenue funding for RM purposes will be provided direct to NHS Trusts but through Boards (although specifically earmarked for that purpose and unit) in the case of Directly Managed Units.

Although the provison of such funds will be calculated on project years the recipient will be asked to agree the split between any financial years which are overlapped. For instance if a sum is allocated for a year (e.g. from 1 July 1992) the the Board/Trust must indicate the split between financial years 1992/93 and 1993/94. Funds will then be provided on that basis with no further changes agreed. If any of these funds are not used within the agreed financial year of allocation it will be the Boards/Trusts responsibility to make any necessary alternative financial arrangements.