



NHS Management Executive
St. Andrew's House
Edinburgh EH1 3DG

10th July 1997

**FOR
REFERENCE ONLY**

Dear Colleague

REDUCING BUREAUCRACY

Summary

One of the key policies of the new Government is that the cost of bureaucracy in the National Health Service in Scotland (NHSiS) must be reduced. The opportunity must now be taken to reduce administrative costs by Health Boards and Trusts working together rather than trying to compete. In this way economies of scale can be achieved and procedures streamlined. In particular the NHSiS must seek savings from administration and support service costs through co-operation and collaboration so that these savings can be reinvested in patient care. The attached paper sets out some of the opportunities which exist but the service should be able to identify many more. These opportunities must be pursued in order to improve service to patients and increase the proportion of expenditure that goes directly on patient care.

Action

Boards and Trusts are asked to submit their plans for action in these areas to David Palmer, Deputy Director of Finance by 30 September 1997. They are encouraged to commence implementation of those plans as early as possible and should not await the submission of the plans and the ME response to them before taking action. Plans submitted on behalf of a group of health service bodies which propose to collaborate are acceptable and indeed are encouraged. All plans should indicate the proposed action, the timetable for it and the anticipated benefits in improved patient care or cost savings.

Yours sincerely

Peter Collings

Dr Peter Collings
Director of Finance

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Background

The splitting up of the National Health Service in Scotland into a large number of autonomous organisations and competition between them have led to duplication of services and loss of economies of scale. The contracting process has led to excessive paperwork. The Government is exploring longer term solutions and will be issuing a White Paper in the Autumn on the way forward but early action is required meantime. The Government has already required Health Boards to report on how £10m of their bureaucracy savings is to be used to reduce waiting times and to cope with winter pressures. There is now a need to explore the scope for improved quality of patient care, smoother transition from one part of the system to another and saving money which can be redirected into patient care. This can be achieved by greater co-operation and collaboration between NHSiS bodies and with other organisations such as local authorities. This requires a major change in approach to bring people with common interests in improving services together rather than relying on the formalities of contracting.

Service reconfiguration

Health Boards and Trusts should look at the scope for more collaboration and co-operation. Health Boards and Trusts must come together across a broad range of areas including the planning and delivery of services. Reductions in bureaucracy will flow from changed thinking and behaviour as much as from merging and aggregating functions. Changing the way services are delivered will lead to improved patient care or reduced costs. In particular the scope for improving arrangements where patients move from one part of the Service to another or where there is an overlap between the services provided by different providers must be examined. Every area of patient care and administration must be scrutinised.

Support Services

Health Boards and Trusts should consider the scope for making savings in facilities management and administration, either by collaboration between health service bodies or other means. There are many good examples of collaboration already but it is very much the exception rather than the rule. Trusts have already done valuable work exploring the scope for further collaboration and the impetus that is emerging from Chief Executives' Working Groups that are looking at laundry services, patient transport services, energy, sterile services, human resources, finance and catering needs to build upon. This now needs to be taken forward as a matter of urgency and Health Boards involved where they have similar requirements (such as finance and human resources). Health Boards have been investigating ways of reducing the costs of administration of General Medical Services perhaps by concentrating it in fewer centres. This work needs to be brought to early completion and implementation.

Primary Care Support Services

While longer term arrangements for commissioning services are to be addressed in the White Paper in the Autumn, support services to existing GP fundholders continue to be required meantime.

Boards should consider the most effective and efficient ways these can be provided, for example joint working arrangements between Health Board and practice staff should be considered for the administration and management of fundholding. A great deal of work has been done in fostering mature, co-operative relationships between practices and Boards. This can be developed to ensure there is no duplication of effort or excessive red-tape. The ME letter issued on 11 June gave some examples of ways in which bureaucracy could be minimised, through collaboration.

Invoicing

The ME letter of 11 June also stated that bureaucracy should be reduced while maintaining collaboration and a proper flow of information by ensuring that:

there was a shift from individual to multiple invoices;

monthly regular payments are made against cost per case contacts, with post-payment reconciliation;

there was an interim pre-payment checking of invoices against clinical letters: and

there is selective rather than 100% checking of invoices by fundholders.

This should be a useful start but other ways of reducing the flow of paper around the National Health Service in Scotland and the associated administration costs should also be sought.