



## **Budgeting in the reorganised National Health Service**

A unique seminar took place at the beginning of July 1981 at the National Health Service Management Centre at the University of Birmingham. This was the first time that the Royal College of Nursing, the Royal College of Midwives, The Association of Nurse Administrators, The Health Visitors Association, and The Association of Health Service Treasurers, have joined together to investigate in some depth the performance and attitudes of both senior nurses and accountants in the Health Service. About thirty accountants at the level of District Finance Officer or Area Treasurer took part together with sixteen nurses, mainly at Area and District Nursing Officer level, although a few Divisional Nursing Officers attended, either representing their senior nurse or in their own right. Observers were present from the Department of Health and nursing journals.

The two days were spent in lectures to set the scene, and then group work began. Views were shared with the finance staff and as a result much useful information and views and ideas were exchanged. Some fascinating projects were discussed which were of interest to senior nurses. One particular project that aroused interest was a development in a particular district. This gave sufficient information to a ward sister to allow her to control surgical and medical equipment expenditure and also dressings. In the experiment mentioned 50 per cent of any savings that a ward sister could achieve in a year were given back the following year so that she could purchase other equipment or even attempt an upgrading to a certain part of a ward with the savings accrued.

On the last day, the Treasurers separated themselves from the nurses to identify eight key elements on financial arrangements in the new reorganised Health Service. The nurses presented a very detailed breakdown of their eight key elements which, together with the Treasurers', will be prepared into a report so that the professional organisations which arranged the seminar can give the subject further consideration.



The senior nurses' eight points were as follows:

- There should be proper and effective dialogue between the Treasurer and the senior nurse in the new Authority, including developing understanding through a common language before major budgets are drawn up.
- Training in financial systems was seen to be essential for all levels of nursing, that is at first, middle and senior level.
- Full involvement in the Health Authority's financial policy wherever the resource originates (i.e. inner city partnership, joint funding arrangements etc.) and the standing financial instructions.
- Create effective financial information systems (including data processing) which take into account time span for decision making and the large size and use of the nursing budget. To be flexible in its approach, to take fully into account the differing needs of nursing divisions.
- Identify and use more systematic measurement techniques to establish both nursing budgets and establishments.
- Develop sub-unit and ward budgets to control expenditure and allow creative use of resources at a low but effective level in the organisation.
- Nursing budgets to eventually contain all those items which nurses originally generate as a request to use as a resource.
- To maintain effective virement policy both at District Nursing Officer/District Treasurer level and down to and including Directors of Nursing Services and Unit Administrators.

There was general consensus in the seminar that senior nurses should, with the Treasurer and Administrator, look at budget heads which would more effectively be



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managed by the nursing service and not to concentrate solely upon nursing establishment monies.

The Treasurers who identified their key issues concentrated more on the role of the new District Nursing Officer and Director of Nursing Services. They wished to define service levels and to have effective policies on virement. Particularly, they required written policies on the redeployment of resources, savings and a carry forward principle.

What sanctions were to be applied to budget holders and incentives that could be offered to them? They required definition of the word 'units'. They asked, for instance: how would responsibilities for a mix of activities be achieved? They wished to have clarification of all the resources used in terms of individual authority and responsibility. With Treasurers' support there was a need for personnel and other information and advice. The role of districts and units, both in planning and operational terms, must be clearly defined. The review of budgetary performance, both as individuals and teams, needed to be explored, and, lastly, functional management needed to be described more fully.



Very little was mentioned of the unplanned development that takes place in most hospitals but is particularly noticeable in the present teaching areas. Many have put a name, 'CREEP', to this unplanned development. The author's definition of the word is:

**Constant and Recurring Expenditure Exceeding Plans**

As a participator in this unique seminar I congratulate the professional associations involved at being imaginative and including as the course leader David Hallows, who is now at the School for Advanced Urban Studies at the University of Bristol. (He did have a period where he was based at the Health Service Management Centre at Birmingham and supervised courses for senior nurses and treasurers.) It is to be hoped that professional organisations will continue to meet and discuss through their various working parties the needs of senior staff; and perhaps we shall see this development move on to include administrators and doctors.

**Anthony J. Carr**

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