Getting more for less

Audit Commission tools to help NHS bodies improve their productivity and performance

Public spending is going to be squeezed in the coming years as we recover from the economic downturn. The NHS will be required to share the financial pain and at the same time meet increasing demand for services and improve the quality of healthcare delivered.

There are a number of ways finance departments can help their organisations prepare for the tough times ahead. The Audit Commission has a range of reports and tools to help health organisations improve their productivity and performance.

These are detailed in this briefing and cover the following themes:
- setting the direction;
- improving productivity and understanding costs;
- clinical engagement; and
- setting an example.
Setting the direction

A robust, live medium-term financial plan is a must. In addition to assessing the quality of primary care trusts’ (PCTs’) plans, our 2008 briefing *Improving medium-term financial planning: A practical guide for primary care trusts* includes key lines of enquiry PCTs can use to test their medium-term financial planning arrangements. It provides practical guidance that will help all organisations.

To download the report go to: www.audit-commission.gov.uk/mediumterm

Improving productivity and understanding costs

We have produced a number of tools designed to help NHS bodies understand their costs and assess and improve their productivity.

The National Benchmarker for the NHS is a free online benchmarking tool. It compares acute hospital activity data, clinical coding and Payment by Results (PbR) related data with other organisations’ results to flag up questions of concern. It can also support discussions about efficiency and productivity, demand management, payments of data collection. The tool is intuitive and easy-to-use, with technical and non-technical views resulting in user-friendly reports. The latest quarterly national HRG4 data is loaded as soon as it is available, providing the most up-to-date benchmarking information.

For more information on the National Benchmarker go to: www.audit-commission.gov.uk/pbrbenchmarking

Our regional staff can support you by using the following tools:

Ward staffing

Ward sizes, staff mix and headcount vary substantially from trust to trust. Our ward staffing benchmarking tool brings together data from over 1,500 wards to help trusts analyse headcount, costs and skills mix at individual ward and speciality level. Half of the variation in unit nursing costs is associated with ward size. The percentage of nurses graded at Band 5 and above varies from 56 per cent to 75 per cent at trust level and headcount varies from 1.4 to 1.8 nurses per bed for similar ward sizes. Figure 1 illustrates the variation in numbers of nurses per bed across the different acute trusts in our database. The average acute trust could save £2 million a year if all wards with higher staffing levels were reduced to average levels.

For more information go to: www.audit-commission.gov.uk/wardstaffing
Medical staffing

Hospital doctors are central to the delivery of high quality patient care and their direct costs account for 13 per cent of a typical acute hospital budget. We can develop a detailed, comparative analysis of a range of medical staffing indicators. Our benchmarking data will give an insight into your medical staffing complement and how it compares to others, the contribution that individual specialties and consultant teams make to the trust’s financial objectives, the use of locum doctors and the factors that limit the ability of medical staff to deliver high quality services.

For more information go to:
www.audit-commission.gov.uk/medicalstaffing

Source: Audit Commission
Day case and short stay surgery
Optimising day case and short stay surgery rates represents a win-win opportunity for NHS providers as patients prefer shorter stays and trusts reduce their costs and the pressure on inpatient beds. We have developed a benchmarking approach, in conjunction with the British Association of Day Surgery, that offers a detailed comparative analysis of a range of day cases and short stay surgery indicators.

For more information go to:
www.audit-commission.gov.uk/daycase

Operating theatres
Theatre services have a key role in delivering waiting time targets and ensuring adequate income flow to trusts. Trusts need to have robust arrangements for managing theatres and maximising theatre use. This tool has been designed to assist trusts in maximising their productivity by assessing theatre and staff use and skills mix when combined with a review of capacity planning and management arrangements.

More information can be accessed via the following link:
www.audit-commission.gov.uk/operatingtheatres

Sickness absence in the NHS
10.3 million working days are lost annually through sickness absence, costing the NHS in England £1.7 billion. Preventing people from falling ill at work and getting them back to work sooner is a significant area for targeting cost savings and improving staff morale. Our regional staff can help you to explore opportunities to improve and potentially reduce sickness absence.

For more details visit:
www/audit-commission.gov.uk/sicknessabsence
**Emergency admissions**

The world class commissioning metric on emergency admissions (the standardised admission ratio) indicates there is up to a two-fold variation in the rate of emergency admissions between PCTs. On the face of it this isn’t surprising; PCTs serve very different populations. But, given that the measure has already taken account of age, sex and deprivation, a two-fold variation in overall rates is remarkable and led us to a more detailed investigation by individual disease using ICD codes. The results are interesting. Figure 2 shows the variation in actual admissions given the numbers we might expect taking into account population, age and deprivation. For many PCTs there are highly significant and often exceptional findings. Whether these arise from anomalies in coding, which affect PCTs’ payment under PbR, or from differences in clinical management, such as admission thresholds, we think you’ll want to see them. The tool continues to be developed, but your auditor will be able to access the latest version from the Commission’s Health Directorate.

**Figure 2: Actual v expected emergency admissions for PCTs**

![Graph showing actual vs expected emergency admissions for PCTs](image)

*Source: Audit Commission*
Mental health benchmarking
Benchmarks are generally underdeveloped in the mental health sector. Our mental health benchmarking service involves using interactive facilitated workshops to address and investigate the findings from benchmarking of an agreed set of key mental health indicators.

For more details visit: www/audit-commission.gov.uk/mentalhealthbenchmarking

Clinical engagement

Finance staff cannot deliver savings or improve productivity by themselves. Clinical leadership and engagement will be key. Clinicians need to understand finance and be given the tools to do so.

A prescription for partnership - Engaging clinicians in financial management
A prescription for partnership reviews the state of engagement between financial staff and clinicians, how it can be improved and some of the tools necessary to do this. The report includes 19 practical case studies and a checklist for chief executives, finance directors and medical directors.

To download the report go to: www.audit-commission.gov.uk/prescriptionforpartnership

A guide to finance for hospital doctors
A guide to finance for hospital doctors, produced jointly with the Academy of Medical Royal Colleges, is designed to explain the basics of NHS finances and budgeting for clinicians.

To download the report go to: www.audit-commission.gov.uk/hospitaldoctors

We would encourage organisations to draw the attention of their senior clinicians and healthcare workers to these reports.
Setting an example

Finance functions will also need to be seen to be themselves making a contribution to efficiency savings and ‘sharing the pain’. So will other back office services. Benchmarking against similar organisations and against best practice in the private sector are key tools required to help identify potential savings.

From December 2009, the Treasury requires that all NHS bodies employing more than 250 people collect and publish data using the five audit agencies’ approved value-for-money indicators for back office operations. These include a small number of high-level indicators that capture key aspects of the organisation’s performance – those that are central to the effective and efficient management of the service and a secondary set of indicators that should allow managers to drill down deeper to explain variation, including key elements of efficiency.

For more details visit: www.public-audit-forum.gov.uk/VfMprojectflyer.pdf
The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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