NHS
Leadership Centre

A guide to ward staffing budgets

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Introduction

The Secretary of State for Health, The Right Honourable Alan Milburn, announced at the CNO annual Conference (Harrogate) 2001 that the Modernisation Agency will, over the next 12 months, lead a management programme to support the devolution of staffing budgets to those ward sisters and charge nurses in England's hospitals who do not yet have that control.

He states that "ward sisters and charge nurses are in the best places to know the day to day needs of patients and the hour by hour demands on staff. It is because they understand that they should be in control. They should be able to decide the mix of grades, the mix of skills, the mix of jobs they need on the ward. Patients on a ward, particularly the elderly and most vulnerable, need caring skills alongside clinical skills. Some feel that over the last few decades these caring skills have got lost. I believe it is time to re-emphasise them. That is why we have placed such a strong emphasis on cleaning up the wards, improving the food and introducing new jobs such as ward housekeepers to make sure that patients day to day needs are being met. Meeting patients' needs will be enhanced by allowing ward sisters to decide the number and mix of nurses, care assistants and ward housekeepers. It will be the job of matrons to support ward sisters and charge nurses to discharge these functions."

Many ward sisters/charge nurses already have control of their ward staffing budgets. This guide is aimed at both those who already have responsibility for managing their budgets and those who currently do not. It is therefore seen as a learning aid, and developmental tool, for all ward sisters and charge nurses.

In order to ensure that they are fully equipped with the necessary skills and information, this guide examines fundamental aspects of budgeting and budgetary control. It also looks at leadership skills which are essential for managing the budget effectively.

The guide is divided into nine sections

- Budgets.
- Managing & Controlling spend.
- How is the Health Service financed?
- Benchmarking & sharing best practice.
- Preparing a Business Case & Managing Change.
- Managing the Nursing resource.
- Leadership Skills.
- Numerical Exercises.
- Practical Case Study.

Each section includes case studies to help practically illustrate each subject area.

SECTION 1

BUDGETS

Budgets are used to plan and control operations and finance by the majority of organisations.

Defining budgeting

Budgets and budgeting can be defined in a variety of ways depending on the individual or organisation. However, to budget is generally to determine how much cash is available to an individual/organisation. A budget will provide you with a costing for both income and expenditure.

Why are Budgets used?

Budgets are used to plan, monitor, control and measure performance.

A budget will be set at the beginning of each financial year (a financial year runs from April 1st to March 31st). Actual spend is then compared with the original budget allocation. Reasons will then be identified for overspend or underspend, which are referred to as variances in the budget statement. Action is then taken to control any variances and the budgets will be reviewed on the basis of this information.

ACTION 1

Think about your own personal finances i.e. outgoing – mortgage/rent/car/food and incoming – salary/interest from investment.

What is a balance sheet?

A balance sheet is a financial snapshot of your business and thus includes:

Assets = An asset is something that your business owns:

Assets can be:
Current i.e. – cash, accounts, prepaid rent, or,
Fixed i.e. – furniture, equipment.

The statement is normally broken down into staff and non-staff costs.
Staff costs will include:
Salaries
Overtime
Training

Non staff costs include:
Supplies i.e. dressings, bedding etc.
Drugs
Equipment

Each cost will then be aligned to a cost centre, which again vary from Trust to Trust. The cost centre is an area of accountability for expenditure i.e. Drugs will have a unique cost centre.
Each department has a cost centre and each type of cost has an account code.

For example

Cost Centre 1665	=	Orthopaedics
Account Code 17753	=	Nurse - Grade F

If there are cost centres within your budget which you do not understand or you do not know what they are aligned to, your accountant will have this information and should provide you with a print out of all cost centres and cost codes.
The statement will then have sub total costs for each section and a total cost for a given period.

A budget statement will hold all income and expenditure within a given period. The statement will typically be as follows, however, there will be variations on this by Trust.

Budget columns	**What do they mean?**
Budget	Amount available to spend
Actual spend	Monies already spent to date. This will probably be by month and a year to date figure, which will show how much money has been spent out of the budget from the beginning of the financial year.
Staff	Number of staff in post displayed as 'Whole Time Equivalent'.
Forecast	This figure relates to the amount of funds that are expected to be spent in each area for a given period.
Variance	This is calculated by subtracting actual spend from planned /forecasted spend. This will be shown as a positive or negative.
Amount remaining	This is the amount of funds left that are available to spend.

Regular meetings with your accountant will help to explain any areas of confusion. This will also provide an opportunity to highlight any areas of overspend and discuss possible options related to this. Managing a budget can be quite a lonely task and at times it can feel as if you have no support. Involving all members of staff on your ward is beneficial for a number of reasons:

- Provides another perspective.
- Helps to discuss matters relating to costs.
- Can be used to train other staff in budget management – which would be developmental for junior staff.
- Ward sisters/charge nurses may sometimes be seen as the 'bad guy' when saying no to requests. Involving staff would allow them to see the reality of what monies are available.
- Encourages staff to work as a team, promotes involvement.

By also involving medics and pharmacists in these discussions, it ensures that all members working on the ward have full knowledge of the budget. Matters of importance can be raised, for example the use of drugs can be discussed. For effective use and control of funds the budget should be viewed as every individual's responsibility.

Resource/Link people

It is essential to make links with key people/departments within an organisation

- Supplies

Liase with supplies to look at competitive options for products. Look at stock levels which you currently hold, rather than 'topping up' with each supply order, discuss with other members of staff to determine what is needed and the amount which is required. This will ensure that stocks are not wasted and misused.

- Pharmacy

Stocking levels need to be determined. Check stock that you are currently holding, you may find that you have supplies of drugs which will be out of date if they are not used. Rather than ordering on the basis of 'just in case', look at the dependency of your ward and what is needed. Forward planning can help in this situation.

- Staffing

The greatest expenditure on a ward is staffing. In order for you to defend your staffing levels and requirements, it may be necessary to choose a model to display why you require X amount of staff. Alternatively, you may wish to develop a model that is unique to your department with the help of other members of staff

- Patient dependency

In order to determine the patient dependency on your ward. It is necessary to determine the patient need, planned nursing hours, available nursing hours and the cost of this nursing care for each patient. This will again help to defend your staffing needs, and will help to organise your staffing rotas.

- Staff

In order for you to manage your budget effectively, it is essential to involve other members of staff. This will help to discuss ideas and highlight any areas which are causing concern. Budgeting must be seen as the whole department's responsibility and not just the budget holder's.

- Accountant

A regular contact in accounts should also be identified, in order to discuss issues regarding your budget. This contact can then be used as a point of help, for example to explain elements of the budget.

Case Study

Philip, a charge nurse on a Paediatric ward is looking over his monthly budget statements, and he seems to be consistently overspent. However, he has reduced his use of agency staff, and cannot see where he can possibly reduce costs further.

Expenditure on drugs is consistently high, but Philip does not see this as an expense he can control, as it is the consultants who prescribe the drugs. He decides to look into this further. Therefore, he checks the current level of supplies and discusses his concern with other ward members, and discovers that there are many drugs which are actually out of date.
The method of ordering seems to be simply the submitting of a similar form every month, without checking on current supplies and changes in usage rates. Philip decides to organise a system whereby orders are compared against supplies, and then checked when received. It is decided that the usage of drugs should be an item on the ward meeting agenda.

Philip advocates the use of competitive shopping rather than simply topping up existing stocks, he also invites the pharmacists and consultants to the arranged meetings to discuss the use of certain drugs in more depth. Philip finds that in the short term his drug bill has decreased marginally, due to the re-examination of old stock. However, in the long term the ward's drug bill is considerably decreased, by investigating other drugs available on the market, which were highlighted by the pharmacist and consultant.

ACTION 2
Who would you involve in meetings in the future, think about a time when this would have been useful?

SECTION 2

MANAGING & CONTROLLING SPENDING

Controllable/non controllable costs

Controllable costs are due to factors within the organisation which can be controlled or corrected by the organisation.

Non controllable costs are affected by factors outside the control of the organisation.

An example of a non-controllable cost would be a general increase in the cost of utilities i.e. electricity, water etc.
A controllable cost would be an increase in price by a designated supplier. Using a less expensive supplier could control this.

For example:
Related to your own domestic finances

- Your car payments each month are £200

- General increase in insurance premiums – Non-Controllable. Your monthly allowance may need to be adapted to include these increases.

- Petrol costs are high - Controllable – can look for a new supplier or use public transport more often.

An allocated budget may be assigned to a ward/department, however, a budget manager has control of these funds and therefore should spend the budget on what they see as necessary.

For example if a ward sister is given an equivalent of 12 salaries.

One month she may find that she has two vacancies. As there are no staff off sick this month and no staff training, the ward can operate satisfactorily. However, the next month She may have 12 nurses in post, but with several staff off sick She needs to book more cover – agency staff, overtime etc.

In any budget there are items which can be controlled and items which cannot. For example, staffing is a budget item which a budget manager can only have limited control over. In circumstances such as unforeseeable absences the budget holder does not have any control. However, it is essential to plan for changes by looking at the rate of dependency on each shift period, and plan for increased activity.

ACTION 1
List types of costs that you have control over and those which you do not.

There will also be costs which can change on a day to day basis depending on the level of activity on the ward, and those which are not affected by change. These are referred to as ***fixed*** and ***variable*** costs respectively.

For example, a ***fixed*** cost could be building costs, electricity, water etc. These types of costs do not change depending on the activity on the ward.

Variable costs, however, could be drugs, dressings etc, which will rise or fall depending on the level of activity. However, there are also stepped fixed costs which change dramatically according to changes in demand/activity. For example, if a department was expanding and needed more staff/facilities/space, then there would be a large jump in expenditure which would then plateau, once the optimum level of resources had been achieved.

ACTION 2
Think about the fixed and variable costs in your department, are there any which you are unsure of i.e. you think that they may have elements of both? (Fixed and semi variable)

Monitoring spend

It is important to keep a file of all budget statements received, this way expenditure trends can be highlighted and examined. Check that what appears on your monthly budget statement is in line with what you accounted for that month.

Overspend

When a budget is overspent it is important to look at the following areas:

- Check your budget statement to ensure that all expenditure relates to your department. Check that you understand all elements of the budget.

- Examine your statement in detail to decipher what exactly is causing the overspend. Is it aligned to one particular area, or are you overspent throughout the budget?

- Forecast what you think your spend will be at the end of the year, taking into account all considerations. It may be that your costs will average out over the year to total your allocated annual budget.

- Look at what you have authority over. What can you change or decrease to reduce costs?

- Involve your staff and look at new ways of operating. Working with your staff to ensure they understand the budget statement will help you and your ward to understand the cost which applies to each area or function.

However, your overspend may be completely unavoidable. If this is the case, then your budget may need to be reviewed. Discuss this with your manager and accountant and, by raising the issue with them, you are keeping them informed and allowing them to have the information to monitor spend.

Case study

Caroline is a ward sister on a maternity ward and has recently taken responsibility for her ward budget. She examines the statement and can see that she is consistently overspent. However, she can see that she will have difficulty making any cuts in terms of staff costs. The ward is already understaffed and she is currently putting together a business case for two more qualified members of staff.

Caroline understands the importance of controlling and managing the ward's expenditure and keeping within her allocated budget. Caroline is invited to the monthly stores management team meeting. She is not looking forward to this as she thinks it will be a waste of time and simply a cost cutting exercise.

However, she is pleasantly surprised. One of the agenda items is bed linen. The management team have looked at the previous month's supply records and are concerned at the amount of linen being ordered. Caroline points out that the linen they currently use is not of good quality. The sheets are thin and, as a result, staff need to order more as patients request more than one sheet. The thin sheets also wear and tear more easily, especially when they have been washed at high temperatures numerous times. Caroline suggests using new thicker and more hard wearing linen, which she knows is used in other hospitals. The management team decides to let Caroline use the new linen for a trial run (1 month). At the next stores meeting Caroline presents her results to the team: ordering of linen has reduced; and patients are happier with the increase in quality. The decrease in the amount of linen ordered and used has, therefore, resulted in a reduction in cost. This highlighted to Caroline that her clinical knowledge and experience on the ward is extremely important. She decides to continue her involvement, and to encourage other – more junior members of staff to participate.

SECTION 3

HOW IS THE HEALTH SERVICE FINANCED?

The actual direction and path of the funds throughout the NHS can be see in Figure 1.

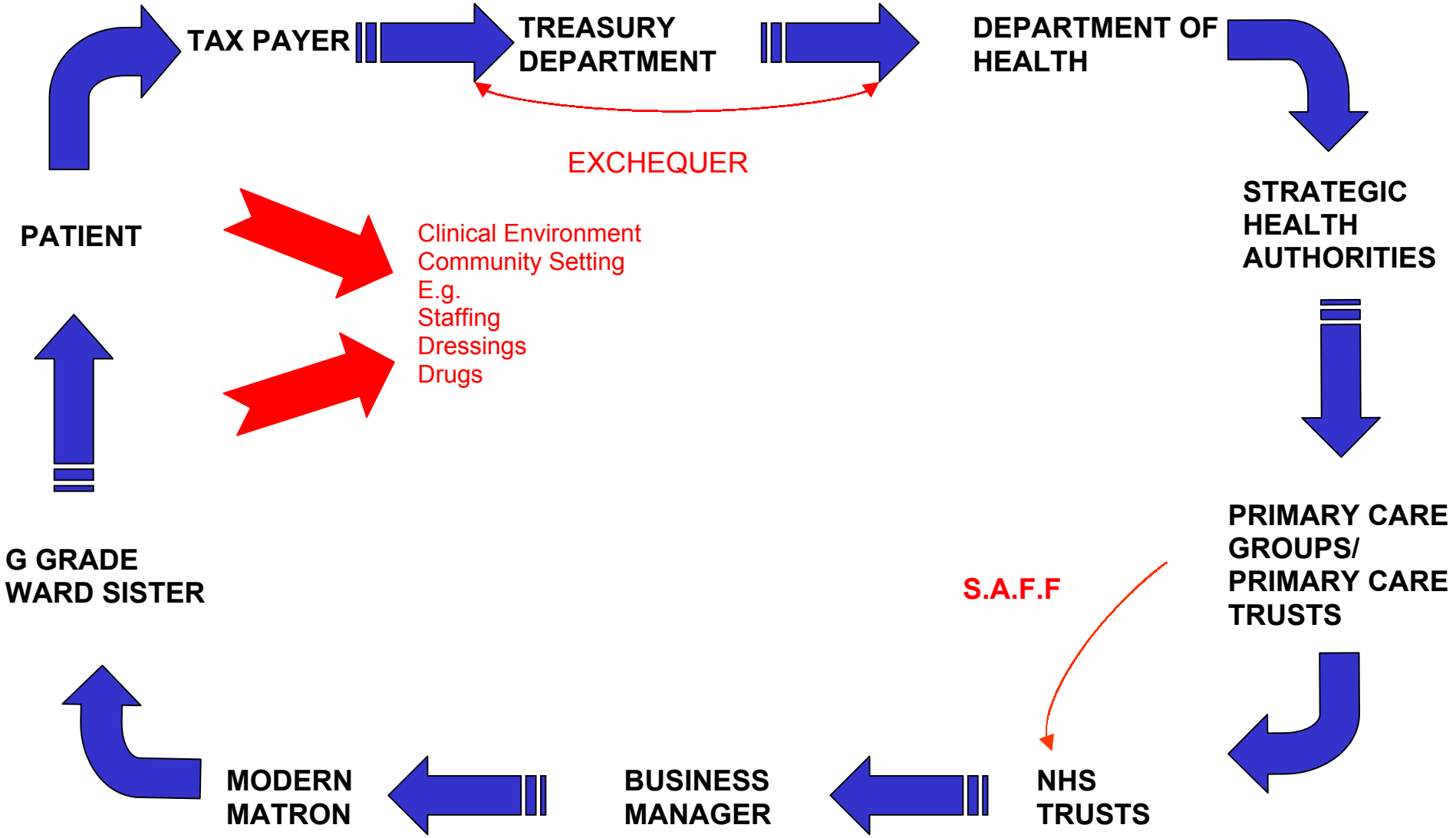


Figure 1: Path & direction of funds in the NHS

ACTION 1
List sources of finance for the NHS

Sources of funds

NHS funding mainly comes directly from taxes collected by the Treasury. The Department of Health must compete with other Government departments for funds (e.g. transport, education and defence). The amount of funds allocated by the Exchequer is based on the needs and expectations of the NHS in light of economic and political priorities.

The funds are then allocated to Health & Social Care regions and then Health Authorities and PCT's. The actual amounts allocated are calculated by a **Weighted Capitation Formula**. This is the method used to divide the funds in an effective manner that reflects the individual needs of each area.

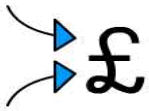
The Formula calculates how much money an area needs, based on Population, Age, Gender and Mortality Rates, and can also involve other special factors about the region.

The Health Authorities reserve some of this funding for specialist services e.g. transplant centres, severe mental health etc. The remaining funds are then allocated to the Primary Care Trust.

Each commissioner and provider of healthcare is linked through service agreements which are based on the NHS Plan, for example:

- Health Improvement Programmes (HiMPs).
- Joint health/local authority plans (JIPs).
- General Government objectives and targets and developments of services.

The funds are then divided up by the Health Authorities for the Primary Care Groups or Primary Care Trusts. Once again, this is done by using the Weighted Capitation Formula but on a more localised basis, based on GPs' practice populations.



The PCG/PCTs then form service agreements with NHS Trusts in order to buy services for their local population. NHS Trusts rely on this income for their financial support and offer a variety of services. Trusts are duty bound to break even between the income from the PCG/PCT's and their expenditure.

The main budget plan is then designed by the Trust's finance department, which will be based on decisions that are made in the Service and Financial Framework (SaFF) negotiations. This is constrained by the amount of money which has been assigned to that Health Authority/PCT. SaFF negotiations are to determine the funds available for each department and are held between the Autumn and April.
The NHS Service and Financial Framework is the mechanism which relates demands on the service to the resources that are available.
SaFF negotiations will include:

- Changes that will arise from National Service Frameworks (NSF's).
- What is required to deal with an increased volume of patients, and to reduce waiting times i.e. more staff, more beds, or increasing the number of buildings.
- Compliance with regulatory requirements i.e. Health & Safety, HR strategy, Clinical Governance, EU regulation of working times, Medical staffing training.
- Inflation costs.
- Pressures on costs i.e. increased use of agency staff, new drugs.

As well as ensuring that accounts are balanced, Trusts are now accountable for quality of care. Along with this, The Commission for Health Improvement's (CHI) aim is to improve the quality of patient care in the NHS. The patient's experience of the NHS is at the heart of CHI's work. There is now a linkage between expenditure and the quality of care provided.

ACTION 2
Read the SaFF agreement for your Trust. Look at areas that will affect your department.

It is crucial that nurses are involved with setting and agreeing budgets as nurses will have the necessary knowledge about what is required.
Do not see the relationship as "us and them", liaise with a member of the finance department, to learn more about the SaFF agreements in your Trust. Knowledge of these negotiations will help a budget holder understand allocations between and within departments. An understanding of the bigger picture will help a budget holder to comprehend their allocation.

SECTION 4

BENCHMARKING & SHARING BEST PRACTICE

Benchmarking is centred on improvement by using the best approach. The Benchmarking process involves identifying knowledge and experience, and sharing best practices.

Best practice is a widely used term and process. This section looks to demonstrate how the use of best practice can help with budgetary control.

By sharing best practice, clinicians may find more effective methods of staffing or increasing the efficiency of resources. The concept of sharing best practice is easy to define, and easy to understand, however, finding ways of implementing the process may be more difficult.

Best practice can be shared by:

Communicating - It is necessary not only to inform others of best practice used, but also to meet and listen to others' examples.
This will form an exchange of ideas and procedures, and can be organised formally or informally, i.e. organised meetings on a regular basis, or an informal chat with colleagues. However, it is stressed that to ensure that this is effective it should take place on a regular basis.

Networking - This refers to a more formal approach of examining best practice. This could take the form of linking with other Teams/Organisations or getting in contact with National Programmes which are focusing on the use of best practice - i.e. NHS Beacons Services.

SHARING INFORMATION		SHAPING BEHAVIOUR		
General Publications	**Personal Invitation**	**Interactive Activities**	**Public Events**	**Face to Face**
Flyers Newsletters Videos Websites Manuals Articles Guidelines CD ROM Posters Displays	Letters Reports Postcards	Telephone Email Visits Workshops Seminars CD ROMs Websites Toolkits Distance learning Team learning Learning sets	Meetings Visits Conferences Road shows Networks Fairs	

www.servicefirst.gov.uk/2000/guidance/bpresearch.htm

These methods of sharing information in order to achieve best practice should be centred on improving the patient experience. As the NHS Plan states, the health service should be designed around the needs of the patient, in order to deliver real benefits. This requires a modernised NHS, and as David Fillingham, Director of the Modernisation Agency suggests, all leaders of the service should be guided by five simple rules:

- See things through the patients' eyes.
- Find a better way of doing things.
- Look at the whole picture.
- Give frontline staff the time and the tools to do the job.
- Take small steps as well as big leaps.

The NHS Beacon Services Initiative plays a key role in modernising the NHS. The scheme identifies existing individual examples of best practice in the NHS and encourages the sharing of that practice throughout the service. This will help to ensure that quality of patient care improves and that standards are maintained and passed on. All Beacons will be given funding to enable them to participate in various activities to promote the sharing of best practice so that other organisations can develop similar schemes of their own.

www.doh.gov.uk/nhsinfo/pages/quality/beacon.htm

SECTION 5

PREPARING A BUSINESS CASE & MANAGING CHANGE

Change management is essentially managing change effectively. It is the process by which an individual can control inevitable changes. It is moving from one situation to another in a controlled and planned way.

ACTION 1
Think of a time when you have had to manage change. How did you feel about your performance? List your strengths/weaknesses?

Managing change is a difficult task, however, by including members of your team, change can be brought about more effectively.

As a ward sister/charge nurse it is often clear to see what needs to be changed and how. However, the problem lies with knowing what to do next and ensuring that the message is articulated in the most appropriate manner. One such way of achieving this is through preparing a business case

This section will look at three main themes:

- What is actually meant by a business case?
- The aims of the business case.
- How a business case can be structured.

In simplistic terms, a business case is a report which covers a variety of areas in order to receive extra funding. This could be for a new piece of equipment; another member of staff; or the use

of a more expensive drug. A business case is a method used to implement change for improvements.

What?

When compiling a business case, the first question that needs to be asked is what are the main aims and objectives, what is the fundamental requirement? e.g. new piece of equipment.

Why?

Secondly, look at the current situation, i.e. why is this piece of equipment needed? Highlight the problems that occur, and what improvements could be made for patients and staff. Examine the costs, and the potential savings that could be made.

Carrying out the initial research can be seen as a lengthy process and a further delay to achieving the main objective. However, this research will provide the basis and content for the case.

Practical steps to follow when preparing a business case:

- Review the current situation.
- Examine why this change is necessary.
- Who will it benefit?
- What are the problems that may occur if the change is not implemented?
- Patient and staff focused - give examples.
- Discuss and liaise with other staff, encourage the sharing of ideas. This may highlight factors that had not initially been noted.
- Detail exactly what is needed to create the change.
- Demonstrate possible solutions and requirements.
- Highlight advantages and positive outcomes of implementing the change.
- Prepare the case.

Case Study

Colin is a charge nurse, on an elderly ward which is continually understaffed. He has tried to vary his skill mix but still the problem persists. He decides to write a business case for a new member of staff. He approaches this methodically and carries out a full examination of the current situation.

He determines that the ward is only understaffed at specific times of the day, and at certain times during the shifts there is adequate staffing. He decides to hold a ward meeting, but holds a number of these during different shifts, to ensure that he has spoken to every member of staff. The general conclusion from these meetings is that the ward is generally understaffed during the early shift periods, and this is normally due to the number of staff required to help with bath time.

Colin looks at what could help to overcome this problem, and determines that an extra hoist on the ward would mean that fewer staff were needed for this period of the day. This would therefore free up staff to carry out other functions, and ultimately provide increased quality of care to all patients. Colin then prepares his business case for an extra hoist, re-discusses the issue with his team and then submits the case.

Colin's case is successful, and the ward is given an extra hoist. Colin reflects on his approach and realises the importance of involving staff. If he had not discussed the problem with others he would not have recognised what was needed to resolve the situation.

SECTION 6

MANAGING THE NURSING RESOURCE

In managing the available resource we must examine what nurses undertake as part of their work. Is the work defined by professional discretion, or is it routine?

The way in which nurses match themselves as a resource to the work required depends on individual values, attitudes and beliefs as well as management styles, custom and practice.

This is often influenced by the fact that nurses do not know what the ward/clinical area's establishment really is.

What follows examines ways in which skill mix and workload can be predicted by working through individual experiences and case studies

What affects nursing workload?

Action 1

1. ***Think of ways in which the workload changes and jot them down.***
2. ***What is predictable about the fluctuations in workload?***
3. ***What can be done to cater for these fluctuations?***

Ideas

1)
- Admissions
- Discharges
- High Dependency – i.e. suicidal patients
- Theatre Days
- Sickness
- Flu epidemics
- Emergencies
- Holiday Periods

2)
- Surgery – elective
- Maternity Leave
- 'On-take' days

3)
- Putting extra skilled staff on surgical/on-take days.
- More support staff at weekends and 'quiet' days
- Effective rostering

How can these fluctuations and their predictable nature be accounted for in the roster?

Nurses are trained and educated to assess, a skill which they must apply to workloads if they are going to effectively manage their clinical area and the staffing resource. This has to be matched with a management style that emphasises the measurement of workload to enable patient costing, provide information for audit and to assist in care planning and rostering **(Duncan (1991) in Dunne (1991)).**
These are valid aims but infer a management style reminiscent of 'scientific' and are not fully in tune with today's systems and theories. If the best use of valuable employees is to be attained, the important aspect is assessment and prediction, and not retrospective measurement of workload.

There is also a need to recognise the knowledge base of the workforce you are responsible for, resources are not just about available 'pairs of hands'. The knowledge base of staff members is often not recognised or undervalued.

Many ward sisters/charge nurses are not aware of their true staff establishment including staff allocation and vacancy factors or 'on-costs'. This is a clear requirement for any nurse in overall charge if they are to adequately manage their ward and their budget.

Nursing workload measurement tries to correlate the perceived demand for quality care, with a resource which is measured in terms of quantity and skill/grade mix of staff. This correlation is the best approximation we have at present and no method of measurement is perfect.

Duncan (1991) states there are two main methods of measuring nurse workload and matching resources: -

1. *Biological/Managerial perspective*
2. *Organisational Perspective*

1. *Biological/Managerial*

This perspective assesses patient demand according to their requirements for nursing care.

a) Horizontal Approach

This approach allocates a standard amount of nursing time by grade of nurse. This is then multiplied and weighted by the patient demand level.

b) Vertical Approach

The nursing needs of each patient are assessed, assigning a registered nurse (usually level 1) either to an individual or a small group of patients.

Whilst this is less 'hierarchical' or stratified, the approach is still formulaic and forms the basis of many of the available manual systems for calculating dependency like:-
GRASP
MONITOR
CRITERIA FOR CARE

c) Professional Judgement Approach

Patients are classified by registered nurses (usually level 1) into agreed demand groups. The ward sister/charge nurse or nominated deputy is required to provide a safe and acceptable standard of care for all patients in their area.

Whilst the establishment for the ward is formulaically devised, professional judgement is used to negotiate variations from establishment.

The two crucial questions to be asked when attempting to use this approach are:-

1. Who negotiated or developed the original establishment and does it coincide with your knowledge?
2. Whose professional judgement is considered most credible, yours or your managers?

These are useful tools to show probable outcomes if insufficient resources are available. Utilising units of nursing time are attractive in that they can be quantified and related to quality outcomes.

There are also two distinct disadvantages to this approach: -

1. Indirect nursing care cannot readily be quantified.
2. This takes no account of the multi-disciplinary team and the vital inputs of Allied Health Professionals/Health Care Scientists.

2. Organisational Perspective

This perspective assumes that organisational factors will affect dependency. Therefore, rather than illness and physical condition being the cause of dependency, they may be the result.

In Nursing Development Units, where organisational factors have been changed, there appears to be an improvement in dependency levels. This is thought to reflect a change.

Self Rostering

Team based self rostering is ensuring that the staffing levels and the skill mix required on each shift are agreed. Once this is completed, staff then roster their own hours as a team, ensuring that all shifts are covered accordingly. This form of roster enables staff to have an increased amount of control over their shift pattern.

To ensure that the self rostering system works for the benefit of the patient and the staff, it is necessary to agree guidelines and parameters, for example:

Minimum and maximum staffing levels for all hours.
Skill/grade mix guidelines.
Time off in lieu for extra hours worked - this is sometimes referred to as a “Time Bank”.

There are numerous benefits of self-rostering for staff, such as:

- Staff can work hours that fit in with other personal commitments.
- Regular hours which are scheduled in advance.
- An increase in control over their working week.
- Feeling valued, which increases the sense of team spirit.
- May result in fewer but long shifts, which would reduce travelling time and costs.
- Choosing shifts with the emphasis on patient care, and the continuity of care.
- Relieves the pressure of rostering from one individual.
- There can be more of a balance between long and short shifts.

However, this system of rostering may not work in all situations. For example, self rostering works more efficiently with larger mixed teams. Where there is a limited number of qualified staff, rostering will be less equal, as these individuals will have less control over their choice of shifts. The smaller the team, the more restricted the staff will be in choosing their working hours.

Self-managed teams

Self-managed teams are based on employee involvement and empowerment. The principle of self-managing teams is centred around devolving responsibility to front line staff i.e. decision making and responsibility. Empowerment and flexibility are fundamental aspects in the development of self-managed teams, and employees must feel valued and consulted. The team must operate collectively and take collective responsibility for tasks. In a self managed team employees make decisions on communication, working hours, training, recruitment etc, and also the development of the team itself. This can be a real motivator for staff as they feel fully involved with processes. To create self-managing teams employees need to feel that they have authority to make decisions, and that they have ownership of these decisions. This will also aid the change management process, as it will encourage involvement in bringing about change.

The NHS Plan highlighted the need to look at new ways of working to improve patient care and to ensure the good use of skills. The Changing Workforce Programme has been set up to help the NHS and associated organisations do this.
The Changing Workforce Programme is pioneering work that is helping the NHS and other health and social care organisations to test and implement new ways of working to improve patient services, tackle staff shortages and increase job satisfaction. Their current work involves:

- 13 CWP pilot sites throughout the UK which are fully testing the potential for different ways of working to improve patient services.
- A series of practical workshops that will help to develop and implement new ways of working at a local level, this toolkit is suitable for all staff.
- A good practice database and advisory service, staff can tell the CWP about new ways of working in their area by simply completing an on-line form.

www.nhs.uk/modernnhs/cwp

Case Study

Sarah, a ward sister on an ENT ward, decided to examine the skill mix and the methods of delivering care. The unit was based on a traditional pattern of care.
One G Grade ward manager
Two F Grade deputy ward managers
Two E Grades
Five D Grades (three of whom are second level registered nurses)

Four auxiliary nurses
Four health care support workers
This unit has separate day and night staff.
On night duty there were:
Two E Grades
Three D grades
Two auxiliary nurses
Three health care support workers
The health care support workers are employed on a trust contract and, therefore, cannot receive extra duty payments.

Sarah was having problems trying to develop a greater patient focus for day and night staff by integrating the service. She discussed this with all ward staff.

Initially staff were resistant to any changes as they had always worked these shifts and did not want to start changing things around. The Ward Manager decided to adopt a flexible staff rostering system.
Sarah introduced the flexible rostering system and ensured that staff knew precisely why the change was being introduced. Sarah discussed the benefits of flexible self rostering and highlighted how it provides people with more control over their shift pattern; staffing levels and skill mix required on each shift are agreed; and following on from this, staff roster their own hours as a team, ensuring that they cover shifts accordingly. After discussing the arrangement many of the staff were actually happy with the new system. Staff liked the fact that they could work hours to fit their personal commitments and they could also schedule shifts in advance. Many staff who had a long distance to travel to work could work fewer but longer shifts to reduce travel costs and time. Sarah did think that the system would work well on this unit as it was quite a large mixed team, with a number of qualified staff.

SECTION 7

LEADERSHIP SKILLS

What is leadership?

Over the years there has been much debate about the concept of leadership and what makes a good leader. From the material available there appears to be several common features central to leadership. These are:

- Leadership is a process

Describing leadership as a process, means that it is not simply based on specific traits or characteristics harboured by certain individuals. Rather, leadership is a two-way event. It is a process that occurs between leaders and their followers.

- Leadership involves influence

Leadership does not exist without influence. Leadership is centred on how leaders can influence change and how the leader affects followers in producing this change.

- Leadership normally occurs within groups.

It involves influencing those who have a common purpose. This can occur within a small project group, community, department, a ward or even an entire organisation.

- Leadership includes attention to goals

It involves working with people towards a common goal. Leaders will motivate and inspire others toward achieving a goal or objective.

- Leadership exists at all levels

Leadership affects everyone. Everyone has the potential to be a leader. Tichy (1997) states ‘ All people have untapped leadership potential. Leadership is there in you’.
(Northouse, 2001)

Transformational and Transactional Leadership

Transformational leaders are innovative, inspirational and pro active leaders who motivate others to pursue high standards. Transformational leaders recognise that in order to deliver quality patient care an empowering culture needs to be created where communication and values are paramount (Clegg 2000). A transformational leader has the ability to articulate a shared vision. The vision provides the framework for the organisation's goals and sharing the vision creates increased participation and commitment (Dess and Picken 2000). Transactional leadership, however, is about managing predictability and order.

Transactional
Contingent reward – mutual agreement on goals and reward people in a way that matches their achievements.

Management by exception - Only react when a problem occurs. More negative rather than positive feedback.

Laissez-faire - An absence of leadership.

Transformational
Charisma

Inspirational Motivation - Leaders articulate and share a vision with staff that appeals to their emotions and ideals.

Intellectual stimulation - Transformational leaders make work stimulating, they challenge others to question the status quo.

Individualised consideration – Tasks are allocated on ability and a facilitative approach is adopted.

ACTION 1

List the main differences between transformational and transactional leadership. What category do you think you fit in, and what category does you manager fit in?

Negotiation process

Investigating and planning is fundamental to the negotiation process, it is essential to know who you are negotiating with, and what their aims and objectives are. By planning and preparing you will have an increased amount of control over the outcomes. Determine the negotiation issues and perhaps two or three related issues, and the acceptable outcomes of each of these issues. Think about the possible objections that your counterpart may raise, and how you will respond to this. Decide on comebacks that you will use when you are faced with objections.

Influencing

Cialdini (2001), advocates six basic laws to consider when influencing people.

1. Liking

People like those who like them – In order to win friends and influence people there are two main approaches – similarity and praise. Similarity works as people like people who are like themselves. Create a bond through these similarities. Praise, however, is related to making positive comments about another.

2. Reciprocity

People repay in kind – give to others what you want to receive. By offering help to others at times of need, the chances of this being reciprocated is increased. Take for example lending a member of staff a piece of equipment, or supplies to another department. When you are in need of help, your chances of receiving this will have been increased.

3. Social Proof

People follow the lead of others similar to themselves, therefore, use peer power whenever you can. People will be more likely to follow another's lead if they share similar circumstances.

4. Consistency

People need to feel committed, and once they start on a path of action, they will tend to stick to it. People need to make their commitment known and make it explicit to others, they will then be more inclined to follow this through.

5. Authority

People defer to experts, if an individual is believed to be an expert, people will want to hear their views. However, a common mistake is to assume that people recognise this experience. It is necessary to communicate to others your area of expertise. For ward sisters/charge nurses this is extremely important as they have the knowledge and expertise, and therefore should highlight this to others.

6. Scarcity

It is a well-known fact that people want more of what they can have less of. Opportunities are more valuable as they become less available. For example information that is not available to others, can be used as a negotiation tool. It is useful to highlight to others that this is exclusive information, however, the information needs to be genuine.

Case Study

John, a charge nurse on a mental health unit, is meeting with his accountant and Clinical Services Manager in two weeks time to discuss his budget. John has analysed the ward's current spend and has determined that he requires extra funds for the following: -
Replacement of some existing equipment
Training requirements from staff (including Drug therapy - two day course, and safety and self defence training for two members of staff)
Two new E grades

In order to go into these negotiations fully prepared John looks at what his approach will be. Firstly he discusses the options with the rest of the team, and then looks at what is negotiable and what is not i.e. what are the essential needs - THE BOTTOM LINE.

He does some research into the cost of the training programmes and estimates the cost of the new equipment, and the cost of two new E grades

He then tries to look at it from the viewpoint of the accountant and Clinical Services Manger, he thinks about the following: -

Their objectives
What are their needs and requirements?
What are the alternatives to his proposals?
What are the benefits?
Probable tactics and strategy

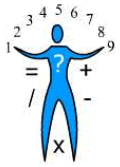
John now feels prepared for his meeting. He knows what his needs and his wants are, and their relative costs. He has the backing of staff members and their views to offer at the meeting. He understands what the benefits will be for the patient. This enables John to feel more confident in presenting his proposals, as he knows that he has fully researched each of his objectives

SECTION 8

NUMERICAL EXERCISES

1. Claire is a ward sister on an A&E unit, with a projected annual budget of £600,000. Costs in November are extremely high and she therefore anticipates 20% of the annual costs in December.

   Tick the correct statements
   - A) Costs for all months are equal
   - B) Costs in December are £120,000
   - C) Costs in December are higher than those in August
   - D) Costs in December are £200,000



2. Alison is a ward sister on a Paediatric ward. Her annual costs are £480,000. What would her monthly outgoings be if her annual costs increased by 5%?

3. Annual Budget

	Annual Budget	Expenditure in June	Expenditure Year to date	Amount Remaining
Staff	500000	41666	124998	375002
Bank Staff	0	3065	5305	-5305
Drugs	25000	2083	7852	17148
Dressings	1500	125	325	1175
Staff Uniforms	1800	150	450	1350
Medical Supplies	12000	1112	3458	8542
Bedding & Linen	1200	100	300	900
Cleaning Equip	800	35	127	623
Printing & Stationery	750	35	92	708
Totals	543050	48371	142907	400143

On the 1st July Helen received the above print out of her budget. Helen is meeting with her accountant and Clinical Services Manager to discuss her budget. She requires
one D grade - £1,750 a month
Funding for a two day Leadership conference for herself and a colleague – the cost of which is £250 per person (this needs to be paid by the end of the month).
Helen also wants to try out some new seaweed dressings, which are more expensive than the dressings which are currently used. This would probably mean that the Dressings budget would need to be increased from £125 a month to £140 a month. Helen wants to test the dressings for a month before committing herself to a long term agreement.

In relation to last month's budget look at the annual budget requirement for each entry. Within each area, was there an over or underspend? Are there any areas of cost which are controllable or predictable? By analysing the budget statement Helen would have more room for manoeuvre with the accountant

Helen can see from the statement what percentage of the budget she has already spent. She is able to calculate this by carrying out the following formula:

142,907 Expenditure Year to Date

543,050 Annual Budget

0.26 X 100 = 26%

This shows Helen that she has spent 26% of her budget to date

5. Ahmed is a charge nurse on an oncology unit

Establishment	Account Name	Month Allocated Budget	Month Actual Budget
1	Grade H	3000	3000
2	Grade F	5000	3500
5	Grade E	10500	12600
5	Grade D	9000	7200
8	Grade B	10000	11000
		37500	37300

Part time ward clerk £400

One of Ahmed's F grades is leaving to work for another Trust. One of the B grades is also leaving to go travelling. From examining his budget Alan discovers he has four options to decide between, he can:

- Employ two D grades
- Employ a D & B grade and part time ward clerk
- Employ an F grade and two part time ward clerks
- Employ an E & B grade and part time ward clerk

Calculate the potential costings for each solution and highlight savings, if any.

SECTION 9

PRACTICAL CASE STUDY

All is not as it seems

Background

Helen Smith is the G Grade midwife at Springfield Health Trust. She prides herself on being firm but fair throughout all her responsibilities, especially managing her budget.

Richard Johnson, the Trust's Business Manager, knows a thing or two about budgets having recently attended a one day seminar. He now feels very confident in his abilities to read and understand budget statements.

During a brief review of the budget statements for the 6 months ending 30th September, Richard is drawn to the fact that Helen's midwifery ward appears to be significantly underspending by nearly £7,600. As a result Richard has a meeting with Helen to discuss how they can make up for the apparent lack of spending. Helen suggests the idea of purchasing three new computers, all with internet access, thus providing the opportunity for some of the staff to participate in the new Nursing Leadership e-learning courses she has recently heard so much about. The price of the computer set up would come to approximately £5,000, which is well within the underspend. Richard applauds Helen's idea and gives her the go-ahead to purchase the computers.

However, Sarah Broadside, the Trust's Finance Director, remembers one of the many important lessons of accountancy school. Her trained 'accountancy eye' looks not just at the budget statement but also at the Management Accounts Section. On closer inspection she realises that all is not as it seems and, on receiving word that Richard had just sanctioned an order of new computers for the midwifery unit, decides to ask him to have a more thorough look at the budget before the order goes out.

N.B. - All figures and circumstances given below are fictitious and have been put together for the purpose of this case study

Midwifery Ward, Springfield Health Care

Budget Statement for the 6 months to 21st September 2001

Current Month					Current Month			Year to Date		
Estab.	WTE	Description	Code	Annual Budget	Budget	Expenditure	Variance	Budget	Expenditure	Variance
				£	£	£	£	£	£	£
Pay										
1.00	1.00	Nurse – Grade G	1207	32,880	2,740	2,740	0	16,440	16,440	0
1.00	1.00	Nurse – Grade F	1208	29,733	2,478	2,478	0	14,868	14,868	0
5.00	6.00	Nurse – Grade E	1209	125,650	10,470	12,564	2,094	62,826	69,108	6,282
5.40	4.40	Nurse – Grade D	1210	117,253	9,771	7,962	(1,809)	58,626	56,817	(1,809)
9.00	9.00	Nurse – Grade A	1213	132,193	11,016	11,016	0	66,096	66,097	0
0.00	1.00	Agency Grade D	1908	0	0	2,172	2,172	0	4,344	4,344
4.00	3.00	Ward Clerk	1609	49,516	4,126	3,095	(1,031)	24,756	22,694	(2,062)
		Total Pay		487,225	40,601	42,027	1,426	243,612	250,367	6,755

Current Month					Current Month			Year to Date		
Estab.	WTE	Description	Code	Annual Budget	Budget	Expenditure	Variance	Budget	Expenditure	Variance
Non Pay										
		Medical Supplies	2010	2,500	208	1000	1000	1,250	2,250	1,000
		Drugs	2100	65,021	5,418	4,566	(852)	32,511	31,659	(852)
		Furniture	2261	25,000	2,083	0	(2,083)	12,500	0	(12,500)
		Office Equipment	2271	12,000	1,000	1,000	0	6,000	6,000	0
		Training	2301	10,000	10,000	8,000	(2,000)	10,000	8,000	(2,000)
		Total Non Pay		104,521	18,709	14,566	(3,935)	62,261	47,909	(14,352)
		Total		**591,746**	**59,310**	**56,593**	**(2,509)**	**305,873**	**298,276**	**(7,597)**

Midwifery Ward, Springfield Health Trust

Management Accounts

Budgets to September, 2001
Staff Pay

1. Ward Staff Current Position £8817 Overspend

An E grade midwife has been away on maternity leave for the past 3 months and as a result has had to be replaced with another E grade, on the same pay. The original E grade midwife is away for a total of 6 months. Also, a D grade position, which has been vacant for the last month, is to be filled as of the 1st of October. During the last two months it has been necessary to use agency staff at 20% more than the budgeted pay for the position. No other Ward staff changes can predicted at this point.

2. Ward Clerks Current Position £2064 Under spend

A ward clerk won the rollover jackpot two months ago and promptly handed in his notice. Since then the rest of the team of ward clerks have tried their best to cover for the gap left by the lottery winner's departure. Despite the fact a new clerk is due to start as of 1st October, the stretch in resources has meant that a temporary clerk will have to be employed for a month to get back on top of things. The temporary ward clerk is to be paid the same amount of pay as a permanent member of staff.

Non Pay

3. Medical Supplies Current Position £1000 Overspend

A Sales rep has struck a deal in order to meet his quota, and has offered a 20% discount for 6 months worth of clinical dressings if bought in one go. This has been given the all clear and so all the remaining year's clinical dressings have been purchased in month 6. No more purchases are thought necessary.

4. Drugs Current Position £852 Under spend

The drug supplies have registered an under spend this month. There is, however, no reason to predict whether this will happen again during the rest of the year.

5. Furniture Current Position £12,500 Under spend

The ward is having a furniture 'up date' in order to give it a well needed face lift. Therefore, a lot of orders have been placed. However, due to a strike in the furniture industry no goods have been delivered for several weeks. However, the strike is now over so the goods are expected to be delivered before Christmas. The total value of the goods ordered so far is £12,500 and only one more order will be placed and delivered before March 2002, which will be for £12,500

6. Office equipment Current Position £0

This budget is expected to remain under control to the end of the year.

7. Training Current Position £2,000 Under spend

The training budget was due to be spent on the five original E grades receiving teacher training this month. Due to the absence of the E grade on maternity only 4 will participate. Whether the E grade on maternity leave will participate on her return has yet to be decided.

The **apparent** full year effect from the November Budget Statement

This can be simply derived from taking the bottom right hand corner 'Year to date - Variance' figure, dividing it by the number of months that the budget statement is for, in this case 6 months, and then multiplying it by 12 (as in 12 months for the entire year). This will give an **apparent** year end forecast:-

Year to date Variance: - £7,597.

Therefore - £7,597 / 6 = - £1,266

- £1,266 X 12 = - £15,192

Therefore, it would appear by using this quick and easy method that the midwifery ward will finish the financial year with more than enough money to buy the computers.

However, by using this method and not taking account of the information in the Management Accounts Report, does it really provide an accurate picture of what is, and will happen, in the midwifery ward budget and what the year end forecast really is?

Action

Work out Helen's current position, using the information given in the Management Accounts Report. Go through each section and work out what the real year end forecast will actually be in each case. Then, using the forecast from each section, work out the overall year end forecast for the midwifery ward.

Through this you'll be able to answer the main question of: 'is she able to afford the new computers?'

For each section there will be an action box providing an area to work out the individual year end forecast. This will be followed by the correct workings and answer, against which you can check your own answer.

ACTION 1: Staff Pay - Ward Staff

1. Ward Staff

The E grade midwife on Maternity leave

For the past 3 months, due to one of the E Grade midwives being away on maternity leave, it has been necessary to employ an extra E Grade midwife. This will also continue for another 3 months. Therefore this will cause an overspend in this area.

The overspend can be determined by calculating the pay of one E grade Midwife for one month by taking the Current Month's Budget (£10,470) and dividing that by the number of E grade midwives budgeted for that month (5):

£10,470 / 5 = £2,094 is one months pay for one E grade Midwife

The extra E grade has been employed for the past 3 months, therefore the pay overspend so far is:

£2,094 X 3 months = £6,282 for the past 3 months (which is also reflected in the 'Year to date Variance column').

However, the 'on leave' E grade midwife is to be away for 6 months in total and so the extra E grade midwife is to be employed for another 3 months as well:

£2,094 X 3 months = £6,282 for the next 3 months

By adding up the two figures, the total cost of employing the extra E grade Midwife can be calculated for the entire year:

£+6,282 + £+6,282 = **£+12,564 Overspend**

The vacant D grade position

The absence of a D grade midwife for the past month will mean that there will appear to be an under spend in this area of the budget for one D grade for one months pay.

As demonstrated above this can be calculated by dividing the Current Month's Budget for D grades by the total number of D grades budgeted:

£9,771 / 5.40 = **£-1,809 underspend** (which is also reflected in the 'Year to date Variance' column).

However, while there has been an absence of one full time D Grade position, an agency midwife has had to be employed to cover at 20% more than the budgeted pay for the position, which will cause an over spend in the Ward staffing budget.

The budgeted pay for this position for the past month is £1,809

20% of the budgeted pay is £1,809 X 20/100= £361.80

Therefore the cost of hiring the agency D grade midwife is £+1,809 + £+361.80 = **£+2170.80 Over spend**

Thus the forecast for the Ward Staffing Budget for the year end can be calculated by adding the up the total overspends and subtracting the under spends:

£12,564 + £2170.80 + £-1,809 = £12,925.80

Therefore, if things stay as they are, the Ward Staffing budget will be **£12,926 over spent** at the end of the financial year.

ACTION 2: Staff Pay - Ward Clerks

2. Ward Clerks

Since the ward clerk won the lottery and left, the position has been left unfilled for the last 2 months. This will cause an under spend in the pay budget in this area.

Using the same calculation from as above, the pay for one ward clerk for one month can be worked out by dividing the current month's budget for ward clerk pay (£4,126) and dividing it by the number of ward clerks that have been budgeted for (4):

£4,126 / 4 = £1,031.50 for one ward clerk for one month

The ward clerk position has been empty for 2 months now, therefore the total underspend is:

£1,031.50 X 2 months = £-2063 under spend

However, despite the fact the position is to be filled at the start of next month, the gap in resources has meant that a temporary clerk will have to be employed for the forthcoming month as well. This will mean that the ward clerk budget will incur an overspend next month.

£+1,031.50 is the overspend for the pay for one extra temporary ward clerk for one month

Therefore by adding the under spend to the over spend provides a forecast of what the year end ward clerk budget will look like:
£1,031.50 + £-2063 = £-1,032 Under spent **(rounded up)**

ACTION 3: Non Staff Pay – Medical Supplies

3. Medical Supplies

Since all the medical supplies that should be required have been bought for the rest of the year at once, this will give the appearance of an over spend in this area of the budget at this point of the year.

However, the rest of the year's (6 months in total) medical supplies have been bought at a 20% discount.

The budget for medical supplies for one month is the annual budget allowance (£2,500) divided by 12 (months):

£2,500 / 12 = £208.30

Therefore, the budget allowance for medical supplies for the remaining 6 months is:

£208.30 X 6 = £1,249.80

However the rep has offered a 20% discount which is:

£1249.80 X 20/100 = £249.96

As a result, the cost of the rest of the year's medical supplies is only £1,250 - £250 = £1,000

At this point in time the budget statement shows an overspend of £1,000 because all the supplies have been paid for at once. As a result of the discount, the year end forecast should in actual fact be a **£250 underspend.**

ACTION 4: Non Staff Pay – Drug Supplies

4. Drug Supplies

The drug supply has registered an underspend this month. However, there is no reason to expect, or means to predict whether this will occur again.

Therefore the year end forecast will remain at **£852 under spent**

ACTION 5: Non Staff Pay – Furniture

5. Furniture

Due to the strikes that have occurred in the furniture industry recently, no deliveries have been received as of yet and, in turn, no bills have been paid yet.

Consequently the 'Year to date Variance' for the budget statement in this area indicates a large under spend of £12,500.

However, £12,500 worth of deliveries are expected to be received before Christmas and £12,500 worth of orders will be ordered and should be delivered before March 2002 – still inside this financial year. This is a total of £25,000 worth of furniture orders and is, in actual fact, the correct budgeted amount allocated.

Therefore, the year end forecast will be a Variance of **£0**

ACTION 6: Non Staff Pay – Office Equipment

6. Office Equipment

This budget is expected to remain under control to the end of the year and therefore remain on target.

ACTION 7: Non Staff Pay – Training

7. Training

Due to the absence of the E grade midwife on maternity leave, only 4 will participate on the teacher training course. Whether the other E grade will participate on another course on her return has been left undecided.

Therefore at this point of the year the training budget forecast looks like it remains **£2,000 underspent**

ACTION: Overall Year End Forecast

Final year end forecast in light of information from the Management Accounts

1.	**Ward Staff**	**£**	**+12,926**	**Overspend**
2.	**Ward Clerks**	**£**	**-1,032**	**Under spend**
3.	**Medical supplies**	**£**	**-250**	**Under spend**
4.	**Drugs**	**£**	**-852**	**Under spend**
5.	**Furniture**	**£**	**0**	
6.	**Office Equipment**	**£**	**0**	
7.	**Training**	**£**	**-2,000**	**Under spend**
	Total	**£**	**+8,792**	**Overspent**

Therefore all is not as it seems !!!!!

Conclusions/ take home points

This case study hopefully highlights the ongoing and dynamic nature of budgets, and that monthly budget statements should not be viewed merely as static viewpoints of the entire year.

The episode with the furniture strikes that resulted in the non-delivery and non payment of furniture orders painted a false picture of a large underspend that greatly influenced the rest of the monthly budget statement. This was a major factor that led Richard to his rash decision.

Conversely, as illustrated by what happened with the Medical Supplies and the offer of a 20% discount, the opposite scenario can occur. The Medical Supplies area of the budget appears (at this point in time) to be overspent by a large amount. However, by looking further into what has actually occurred, it becomes clear that all is not as it seems and that the Medical Supplies budget will finish the year with an actual underspend.

Answers

1. B and C 20/100 = 0.2 0.2 x 600,000 = 120,000

2. 42,000 5/100 = 0.05 0.05 x 480,000 = 24,000
480,000 + 24,000 = 504,000
504,000/12 = 42,000

3.

	Annual Budget	Expenditure in June	Expenditure Year to date	Amount Remaining
Staff	500000	41666	124998	375002
Bank Staff	0	3065	5305	-5305
Drugs	25000	2083	7852	17148
Dressings	1500	125	325	1175
Staff Uniforms	1800	150	450	1350
Medical Supplies	12000	1112	3458	8542
Bedding & Linen	1200	100	300	900
Cleaning Equip	800	35	127	623
Printing & Stationery	750	35	92	708
Totals	543050	48371	142907	400143

Mary is currently making savings on Cleaning Equipment and Printing and Stationery

- Cleaning Equipment expenditure should be 800 /12 = 66

This month's statement is for June – therefore she is three months into the financial year
66x3 = £198

Whereas, Helen has only spent £92. This is a saving of 198 – 92 = £106

- Printing and stationery expenditure should be 750 / 12 = 62.5

This month statement again is for June – and therefore three months in to the financial year
62.5 x 3 = 187.5

Whereas, Helen has only spent £127. This is a saving of 187.5 – 127 = 60.5

Therefore, in theory, she could afford to pay the extra £15 a month on seaweed dressings.

With regards to the new D Grade, Helen is currently spending approx. £1,768 a month on bank staff (£5,305/3), she calculates that a D grade would cost £1,750 a month,
therefore a saving of £1,768 – £1,750 = £18.

For the Leadership Conference she understands that at her current rate of spend she is overspent on bank staff by £5,305, and this will reduce her opportunity to make savings for the conference. However, she does calculate what her savings would be if she continued to underspend on Cleaning Equipment and Printing and Stationery:

Cleaning Equipment – 127 / 3 = 42.3
42.3 x 12 (months) = 507.6

Printing and Stationery – 92 / 3 = 30.66
30.66 x 12 (months) = 367.92

507.6 + 367.92 = 875.52

The combined annual budget is 750 + 800 = 1550
Savings 1550 – 875.52 = 674.48

Helen is aware, however, that all of these costs could potentially change, although, she does have 3 months of budgetary information to provide her with the conclusions she has drawn.

5. Ahmed's potential costs and savings for each solution

Savings from F and B Grade leaving

F Grade 5000 / 2 = 2500
B Grade 10000 / 8 = 1250

2500 + 1250 = 3750

Total savings £3750

OPTIONS

- Employ two D grades
  9000 / 5 = 1800
  1800 x 2 = 3600
  Total cost £3600

- Employ a D & B grade and part time ward clerk
  D Grade 9000 / 5 = 1800
  B Grade10000 / 8 = 1250
  Part time Clerk = 400

  1800 + 1250 + 400 = 3450

  Total cost £3450

- Employ an F grade and two part time ward clerks
  F Grade 5000 / 2 = 2500
  2 part time clerks
  400 x 2 = 800

  2500 + 800

  Total cost £3300

- Employ an E & B and part time ward clerk

  E Grade 10500 / 5 = 2100
  B Grade 10000 / 8 = 1250
  Part time clerk = 400

  2100 + 1250 + 400 = 3750
  Total cost £3750

Summary

Objectives

On completing this booklet you should have an understanding of the following areas:

- Budget statements.
- Monitoring and managing expenditure.
- Financial breakdowns i.e. fixed and current assets.
- How the NHS is funded.
- How funding is allocated at ward/unit level.
- Sharing best practice.
- How to prepare a business case.
- Staffing mix and managing the nursing resource.
- Self rostering.
- How to create self managed teams.
- Negotiation skills.
- Persuasion skills.
- Basic and advanced numeracy.

Where to go for further information:

For further information and direction please see the website addresses below.

Modernisation Agency www.modernnhs.nhs.uk

Leadership Centre www.modernnhs.nhs.uk

National Nursing Leadership Project www.nursingleadership.co.uk

DOH www.doh.gov.uk

Changing Workforce Programme www.nhs.uk/modernnhs/cwp

NHS Beacons www.modernnhs.nhs.uk/nhsbeacons

Clinical Governance www.cgsupport.org

NHS University www.doh.gov.uk/nhsuniversity

Commission for Health Improvement www.chi.nhs.uk

References

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Northouse P.G. (2001) Leadership theory and practice, second edition, SAGE publications, London

Tichy N.M. (1997) The leadership engine: How winning companies build leaders at every level. Harper Business, New York

www.servicefirst.gov.uk/2000/guidance/bpresearch.htm

www.doh.gov.uk/nhsinfo/pages/quality/beacon.htm

www.nhs.uk/modernnhs/cwp

NHS Leadership Centre
Richmond House
79 Whitehall
London SW1A 2NS

General enquiries: 020 7725 2564
Web address: www.nhs.uk/modernnhs

The NHS Leadership Centre is part of the NHS Modernisation Agency, within the Department of Health