

**Commissioning Brief (11/1016)**  
**Call for proposals on improving financial management in health care**  
**Closing date: 1.00pm on 17 March 2011**

## **1. Introduction**

The purpose of this call is to produce research findings which will be of both immediate and enduring use to those in the NHS with responsibilities for financial management decisions at organisational, departmental, service or team levels. The call does not cover the evaluation of NHS financial policy, which is outside the remit of the SDO programme.

Section 4 of this document offers general guidance to applicants on what makes for a successful application to the SDO programme, while section 5 sets out our expectations in relation to research outputs and knowledge mobilisation, and section 6 explains how applications are assessed and selected. Please note that sections 4 and 5 of this call for proposals, which provide the SDO programme's general guidance on research applications and knowledge mobilisation, have been extensively revised and researchers are advised to note the changes.

The NIHR Service Delivery and Organisation programme is funded by the NIHR, with contributions from NISCHR in Wales. Researchers from Scotland and Northern Ireland should contact NETSCC to discuss their eligibility to apply.

The NIHR SDO programme improves health outcomes for people by:

- Commissioning research and producing research evidence that improves practice in relation to the organisation and delivery of health care, and
- Building research capability and capacity amongst those who manage, organise and deliver services – improving their understanding of the research literature and how to use research evidence.

The primary audience for SDO commissioned research is decision makers in the NHS in England and Wales – particularly those with management and leadership roles and responsibilities in NHS organisations. We focus our research commissioning on topics and areas where we think research evidence can make a significant contribution to improving decision making, and so to improving the organisation and delivery of healthcare to patients.

Further information on the NIHR SDO programme, including a list of past, current and recently commissioned projects, can be found on the SDO website: [www.sdo.nihr.ac.uk](http://www.sdo.nihr.ac.uk)

## **2. Background to this call**

The SDO programme ran a call for proposals on responding to financial pressures in the NHS in 2009. The response was somewhat disappointing with only one commissioned project resulting from the call. There have been several recent publications responding to changes in the NHS financial framework from bodies such as the Health Financial Management Association and the Chartered Institutes of Public Finance and Management

Accountants. These have mostly taken the form of professional guides and standards, rather than being grounded in evidence from research (1-4).

The SDO programme recognises that informed and effective financial decision making requires both robust costing and accounting systems, and the managerial and clinical capacity and capability to use such systems. This call is concerned with both the technical and structural components of financial management and with its human behavioural and organisational dimensions (5).

### **3. Remit of this call: improving financial management**

The subject of this call is improving financial management in healthcare. Its purpose is to identify, describe and evaluate specific interventions or initiatives concerned with financial management; to synthesise existing research evidence on financial management; and to produce findings which will be of immediate and enduring utility to management practice. In line with the September 2010 Joint Statement issued by the NHS Confederation with the HFMA and Academy of Medical Royal Colleges, the emphasis should be on identifying and evidencing good practice which enables collaborative working across clinical and financial disciplines to maintain high quality and cost effective care (6). Proposals for both primary research and evidence synthesis will be considered. Applicants should justify the proposed type of research. In cases of primary research, applicants will be expected to ground their project in an existing body of work and an element of evidence synthesis may be required as part of the proposal.

We identify below four main themes within which we wish to commission research, and we would expect proposals to be explicitly focused on one of these themes. Proposals can seek to address more than one theme. All proposals should take into account the mission and general remit of the SDO programme, and the detailed advice given in section 4-6 of this call for proposals.

#### **3.1 What are the characteristics and determinants of successful cost improvement programmes in the NHS?**

The requirement to deliver efficiency savings through cost improvement programmes (CIP) has been a longstanding requirement for NHS organisations and local government. The level of efficiency improvements expected from the NHS is determined centrally, through the annual publication of the NHS Operating Framework by the Department of Health (7). NHS organisations respond to both central direction and their own local circumstances by developing and implementing cost improvement programmes which contain a diverse and heterogeneous range of initiatives aimed at reducing costs and improving efficiency, often with both clinical and non-clinical components. The effective realisation of cost savings planned in these cost improvement programmes can be challenging.

Research is needed both to describe and understand the content, implementation and impact of NHS cost improvement programmes at an organisational level and to identify promising strategies for cost improvement which have been used successfully in some NHS organisations or settings and which are of wider value to the NHS.

#### **3.2 How can the financial management of service delivery be improved through service line management?**

Service line management (SLM) was developed by Monitor for NHS foundation trusts, although its principles apply equally to other NHS organisations and settings. Its framework covers organisational structure, service-line information, planning and reporting and

performance management. SLM draws on evidence and best practice from UK pilot sites and the experience of healthcare providers worldwide which use similar principles and approaches within their healthcare systems (8). It has much in common with some earlier initiatives in the NHS to promote clinical engagement in resource management. SLM identifies specialist clinical areas and manages them as distinct operational units. It enables NHS foundation trusts to understand their performance and organise their services in a way which benefits patients and delivers efficiencies for the trust. It also provides a structure within which clinicians, with commissioning support, can take the lead on service development, resulting in better patient care. It therefore involves incremental changes in both management processes and behaviours.

Research is needed to describe the experience to date of NHS organisations in using service line management and its impact on clinical effectiveness and efficiency and the quality of financial reporting and decision making, and to identify the characteristics or determinants of the effective use of service line management to bring about improved financial management.

### **3.3 What is the capacity and capability of NHS organisations for effective financial management, and how can that capacity and capability be improved?**

Responsibility for the financial management of NHS organisations rests with NHS boards, all of which include a finance professional in the role of finance director, and which often include both executive and non-executive directors with substantial financial management expertise, sometimes gained in other sectors or settings. Below board level, arrangements for financial management vary widely, in both the levels of delegation of budgetary control and responsibility and the interaction/relationship and division of responsibility for financial management between line, service or operational managers (including clinicians in management roles) and financial control by the corporate finance function.

Research is needed to describe and understand the financial management capacity and capability of NHS organisations, across the management tiers and groups identified above, to analyse how well capacity and capability in this area matches need and how it impacts on the quality and effectiveness of financial management, and to examine how that capacity and capability can be improved. It could explore areas such as the definition and measurement of key financial competencies, the provision of training and support in financial management, and the development and functioning of organisational arrangements for financial management.

### **3.4 How can costing and accounting frameworks and budgetary arrangements be used to improve financial management?**

This area for research is underpinned by a number of regulatory and professional initiatives, including a number of national guides, as indicated above. The NHS Costing Manual, which was recently updated(9) is intended to bring consistency to the production of cost information across the NHS. It sets out the principles and practice of costing to be applied in the NHS and, with the Reference Cost Guidance, defines mandatory requirements for NHS cost information. In addition the Clinical Costing Standards Association of England (CCSAE) has developed a set of patient level clinical costing standards for the acute sector (Acute Clinical Costing Standards)(10) This is designed to support the more consistent implementation of Patient Level Information and Costing Systems (PLICS) in the NHS. Clinical Costing Standards have also been developed for the mental health sector (11).

Research is needed to describe and understand the way that NHS organisations apply these costing and accounting frameworks at an organisational level, and how they are

used in local systems for budget setting, review and management. It should aim to identify and evidence good practice in costing, accounting and budgetary management.

#### **4. General guidance for applicants**

Our main concern is to commission research which is well designed; will be effectively carried out by the research team; will provide findings which meet the needs of the NIHR SDO programme and the wider NHS management and leadership community it serves; and will be used to improve health services. With these aims in mind, we offer the following general guidance to applicants. We do not prescribe or prohibit particular approaches to research, but we encourage applicants to take account of this guidance in their project proposals, and point out that the SDO Panels and Commissioning Board will take account of this guidance when they assess and select proposals.

##### **4.1 Research team makeup and expertise**

Our key concern is that projects should have a research team with the right skills to undertake the research. It is important that the team has the necessary expertise, but is not so large that project management will be difficult. Projects are likely to use a team with significant input from diverse disciplines appropriate to the content and methods of the project. For this call the active engagement of the appropriate professional body is likely to be a major asset. All applicants need to show that they will commit appropriate time and effort to the project, and the use of large teams of applicants with little or no apparent time commitment to the project is discouraged. Full proposals should make it clear what responsibilities and roles will be fulfilled within the project by each team member.

**Applicants should note that for this call, the SDO programme will expect to see involvement from NHS finance managers and cost accountants, and clear plans for the application of research findings.**

The chief investigator or principal applicant should generally be the person who has contributed most to the intellectual and practical development of the proposal, and who will take lead responsibility for its implementation. This is not necessarily the most senior investigator in the research team. Where the principal applicant has a limited past track record in holding grants, we will look for evidence that they will be supported and mentored by more experienced co-applicants.

##### **4.2 NHS management engagement**

Our key concern is that NHS managers should be directly engaged or involved with SDO research projects because this will produce research that is more closely grounded in and reflective of their concerns and makes the subsequent uptake and application of research findings more likely.

We particularly welcome project proposals in which an NHS manager is formally part of the project team as a co-applicant, and in which they (and/or other NHS managers) play a significant part in the project. Their contribution may be to facilitate or enable research access to organisations, to be directly involved in research fieldwork, to comment on and contribute to emerging findings, and to be involved in knowledge mobilisation (see below). We think that direct NHS management involvement in proposals of this kind shows commitment to and support for the research from the NHS organisations involved. The time of NHS manager(s) as co-applicants can be costed into the proposal, as part of the NHS Support Costs.

There are other ways in which NHS management support for the proposed research can be demonstrated, such as co-opting managers to project advisory or steering groups, the

inclusion with full proposals of a letter or statement of support from senior leaders in relevant NHS organisations.

#### **4.3 Gains for the service**

Not all research will individually result in potential savings or direct gains for the service. However it may lead to a better understanding of organisations, systems or services and contribute to that body of knowledge. Where it is appropriate, studies should include a cost-effectiveness component with a view to helping managers and service providers make decisions and identify potential for savings. As a publicly funded programme in a time of restraint, researchers should look to demonstrate potential savings and gains for the service, where appropriate. This includes setting out in broad terms the likely impact and implications of this work for the wider service at outline stage.

#### **4.4 Research methods**

Our key concern is that the research proposed is well designed, will be well conducted, and will add to knowledge in the area. It is not our intention here to specify particular research methods, but to highlight areas where we have found common weaknesses in the past.

Proposals need to make proper use of relevant theory and of the findings in the existing literature to frame their research questions. Although at outline stage, comprehensive referencing is not required, illustrative sources and indication of the grounding in a body of literature should be given. Theoretical, descriptive evaluations, proposals which appear not to be informed by the existing literature and projects which appear to replicate rather than add to existing research are unlikely to be funded. Research questions need to be very clearly stated and framed – in terms which are sufficiently detailed and specific. This includes a clear description of the intervention which is being assessed and articulating the objectives and aims of the research.

The research methods proposed must be appropriate to the nature of the research question(s) and to the theoretical framework for the project. It is important that the proposal makes a clear link between the research questions and the intended empirical approach and fieldwork, showing what data will be gathered and how it will be used. The approach to data analysis must be clearly explained. The proposal needs to show that the research team has considered and addressed the logistics and practical realities of undertaking the research – gaining ethical and research governance approval, securing access, recruitment, data collection and management, etc. Studies should be realistically costed to take account of these activities.

Researchers should be mindful of the need for generalisability of results and the relevance of the outputs for the service as a whole. This may affect the study design – for instance, single case studies are likely to be supported only exceptionally.

The plan of investigation should set out clearly and in some detail the proposed methodology. It should include a Gantt chart or project timetable showing clearly the planned dates of different project phases and of project outputs.

#### **4.5 Public involvement**

It is a core concern of the SDO programme that all commissioned projects should pay appropriate attention to the needs and experiences of all relevant stakeholders (including local communities, lay people, service users, carers and minority ethnic communities as well as healthcare practitioners and managers) during the design, execution and communication of the research. Proposed projects should be explicit in describing their

arrangements for public and patient involvement and in communicating how the proposed work has potential implications for service delivery that could lead to enhanced public and community engagement. The application includes a section for the non-expert and care should be given to 'pitching' the proposal at a lay audience, avoiding jargon and explaining clearly the expected benefits of the research.

#### **4.6 Research governance**

Applicants should show that they understand and that their proposal complies with, the Research Governance Framework for the NHS. Successful applicants will be required to provide proof of research ethics committee approval for their project, if it is required, before funding commences. The project plan should take realistic account of the time required to secure ethics and governance approval.

#### **4.7 Costs and value for money**

Project costs will be carefully scrutinised and must always be well justified and demonstrate value for money. NIHR programmes currently fund Higher Education Institutions (HEI) at a maximum of 80% of Full Economic Cost (except for equipment over £50,000 – 100%). For non-HEI institutions, NIHR may fund 100% of costs. However, the NIHR SDO programme reserves the right to award a grant for less than this maximum and for less than the amount sought by applicants.

### **5. Research outputs and knowledge mobilisation**

Our key concern is to ensure that projects funded by the SDO programme are designed from the outset to produce useful, timely and relevant research findings which are then used. Experience suggests that this is most likely if researchers collaborate with NHS managers throughout the life of a project, and aim to produce a variety of research outputs – not just a final report and one or more papers for academic peer reviewed journals.

All full proposals submitted to the SDO programme must include a detailed section on research outputs and knowledge mobilisation in the full plan of investigation which is attached to the proposal when it is submitted. We would expect to see that section and the project plan detailing the outputs and knowledge mobilisation activities which are planned across the life of the project and the resources section of the proposal show that sufficient resources have been allocated within the project budget to undertake these knowledge mobilisation activities. In general terms, all projects which are longer than 12 months are expected to produce some interim outputs during the life of the project as well as those at the end of the project.

The outputs and knowledge mobilisation activities shown in the project proposal are likely to include some or all of the following:

- A final and full research report detailing all the work undertaken and supporting technical appendices (up to a maximum 50,000 words), an abstract and an executive summary (up to 2000 words). This is a required output. The executive summary must be focused on results/findings and suitable for use separately from the report as a briefing for NHS managers. Care should be given to using appropriate language and tone, so that results are compelling and clear. The report must use the layout template provided. Following scientific peer review and editing/revision, the report will be made available on the SDO programme website. This is a required output from all projects.
- A set of Powerpoint slides (up to 10 maximum) which present the main findings from the research and are designed for use by the research team or others in disseminating the research findings to the NHS. The slides must use the template provided. They will be

made available alongside the report on the SDO programme website. This is a required output from all projects.

- Journal papers for appropriate academic peer reviewed journals, designed to ensure the research forms part of the scientific literature and is available to other researchers.
- Articles for professional journals which are read by the NHS management community and which will be helpful in raising wider awareness of the research findings.
- Seminars, workshops, conferences or other interactive events at which the research team will present and discuss the research and its findings with NHS managers
- Guidelines, toolkits, measurement instruments or other practical methods or systems designed to enable NHS managers to use the research findings in practice. We are looking for practical, innovative ideas – such as questions arising from the research that non-executive directors could raise at Board meetings or similar.

This list is illustrative rather than comprehensive, and we will welcome project proposals which include other forms of output and knowledge mobilisation activities. All projects are encouraged to collaborate in knowledge mobilisation with the SDO Network, which is hosted by the NHS Confederation and exists to enable managers to improve and develop the services they manage by facilitating their access to and use of the latest health services research. (<http://www.nhsconfed.org/networks/sdonet/Pages/SDONetwork.aspx>).

## 6. Process for proposal selection

The NIHR Service Delivery and Organisation programme is funded by the NIHR, with contributions from NISCHR in Wales. Researchers from Scotland and Northern Ireland should contact NETSCC to discuss their eligibility to apply.

Whilst we have not set a maximum duration or cost for projects, value for money will be scrutinised and all costs must be justified. Applicants should be aware that changes to costs between outline and full proposal will have to be fully explained, and we therefore encourage applicants to be as realistic as possible when costing their outline proposals. Realistic costs are also very important at commissioning of full proposals as the SDO programme does not normally accept requests for variations to contracts for additional time or funding once projects have been contracted.

Applications for this call will be assessed in two stages. Outline proposals will be sought. Once remit and competitiveness checks<sup>1</sup> have been made, they will then be reviewed by the Priority Areas Panel. The primary criterion against which the Panel assesses outline proposals is that of **NHS need for the research** – in other words, whether the proposed research will be useful to research users in the NHS, and is likely to contribute to improving decision making. It will use four main criteria to make this judgement:

- Relevance of the proposed research to the needs, interests and current and future challenges for the management community in the NHS.
- Likelihood that the proposed research will produce findings which are timely, useful to and capable of application by the management community in the NHS

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<sup>1</sup> '**Non-Competitive**' means that a proposal is not of a *sufficiently high* standard to be taken forward for further assessment in comparison with other proposals received and funded by the SDO programme because it has little or no realistic prospect of funding. This may be because of scientific quality, cost, scale/duration, or the makeup of the project team.

- Likelihood that the proposed research will promote the greater engagement between the academic research community and the health management community in the NHS, and will encourage development of links between academic institutions and NHS organisations.

Applicants whose proposals are shortlisted will be asked to develop a full proposal for assessment by the SDO Commissioning Board meeting. This board's primary concern is the **quality of the proposed research**. It uses two main criteria to make this judgement:

- Scientific rigour and quality of the proposed research, and the expertise and track record of the research team.
- Value for money of the proposed research, taking into account the overall cost and the scale, scope and duration of the work involved.

## 7. Application process and timetable

Should you have any questions or require any further clarification please refer to the NETSCC FAQs at <http://www.sdo.nihr.ac.uk/faqsnetssc.html>, if the answer to your question cannot be found please email your query to [sdofund@southampton.ac.uk](mailto:sdofund@southampton.ac.uk) with the reference number (11/1016) and title for the call for proposals as the email header. Applicants should be aware that while every effort will be made to respond to enquiries in a timely fashion, **these should be received at least two weeks before the call closing date**.

The process of commissioning will be in **two stages** and applicants should submit **outline proposals** via the SDO website by **1pm on 17 March 2011**. No late proposals will be considered. No paper-based only submissions will be considered.

Applicants will be notified of the outcome of their outline application in May 2011.

Shortlisted applicants will be invited to submit a full proposal via the SDO website (a link will be sent to shortlisted applicants). Applicants will be notified of the outcome of their full proposal application in October 2011. Please note these dates may be subject to change.

## References

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