

Research Brief (09/1006) Call for proposals: NHS responses to financial pressures

1. The NIHR SDO programme objectives

The NIHR Service Delivery and Organisation programme is funded by the NIHR, with contributions from WORD in Wales. 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 managers and leaders 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

2. Background to this call

The NHS is facing severe funding constraints following years of substantial resource growth, which provides an enormous challenge to health care organisations and staff. The scale of the problem is worsened by increasing demand, due to an ageing population with higher incidence of chronic disease, technological advances and rising costs.

An analysis from the King's Fund and the Institute for Fiscal Studies¹ drew up three spending scenarios for the NHS in England from 2011/12 to 2016/17:

- 'arctic': annual real reductions of 2% for the first three years, falling to 1% for the final three years
- 'cold': zero real change
- 'tepid': annual real increases of 2% for the first three years, increasing to 3% for the final three years.

The report concludes that the most likely outcome would see funding growth for the NHS lying somewhere between cold and tepid. To meet this gap by increasing NHS productivity the NHS would need to make gains between 3.4% to 7.4% per year (£3.6 to £7.8 billion per year)¹. Similar estimates have been made by others^{2 3}. The NHS is already required to deliver 3% cash-releasing efficiency saving (CRES) each year to 2010/11 but these do not lead to overall spending reductions. Further, due to uneven progress towards capitation funding, some PCTs will need to make larger increases, others smaller.

¹ Appleby J, Crawford R, Emmerson C (2009). How cold will it be? Prospects for NHS funding 2011-17. London: Kings fund

² Ham, C (2009) The 2009 Budget and the NHS. BMJ, 338: 1024–5.

³ Ham, C (2009) Health in a Cold Climate. The Nuffield Trust

The 2009/2010 NHS Operating Framework⁴ highlighted four principles to support the change process and to create a system that delivers high quality care across the NHS: co-production, subsidiarity, clinical ownership and leadership and system alignment. This applies in a context that includes changes in PCT allocations, new Payment by Results (PbR) tariff, the Commissioning for Quality and Innovation Payment Framework, and Informatics planning guidance.

The workforce has been identified in the Operational Framework as a key area for attention. Staff costs are the largest element of NHS expenditure. Spending constraints may lead to reduced workforce. A report by McKinsey and Company for the Department of Health is reported to have recommended a 10% cut in NHS staff by 2014⁵. Tackling the costs of poor health and well-being among NHS staff could achieve savings both directly, through reduced costs, and indirectly, through increased productivity. Improving the health and well-being of 1.4 million NHS staff could save over £0.5bn every year⁶. NHS organisations have been urged to adopt the findings from "Working for a healthier tomorrow"⁷.

Besides linking extra spending to targets and performance to drive improvement, the Department of Health is also seeking to drive change bottom up through the actions of patients and providers⁸. Delivering the NHS plan⁹ highlighted the importance of patient choice, greater plurality of provision including maximising the use of spare capacity in private hospitals, overseas clinical teams and developing Independent Sector Treatment Centres (ISTCs) and new public-private partnerships¹⁰.

The NHS could also explore the opportunities identified in the cross-Government Operational Efficiency programme¹¹ to help achieve savings. Themes applicable to the NHS include:

- shared services and use of back office operations
- collaborative procurement and improved compliance
- commercial and efficient use of assets owned by organisations
- development of local empowerment and incentives and co-ordination with partners.

Policies and tools expected to generate savings after 2011 include savings from more efficient commissioning (to be measured by a new efficiency competency as part of the World Class Commissioning assurance framework), introducing a 'best practice' (rather than average costs) tariff for four high-volume procedures from 2010/11 and extending Payment by Results (PbR) to community services. Competition between providers is being emphasised by PbR and practice based commissioning (PBC).

The Department of Health is also expected to deliver efficiency gains as part of the Public Value programme including the:

- development of tariffs for non-acute services
- implementation of world class commissioning across all PCTs
- development of transparent systems for workforce planning and training
- better utilisation of NHS estates.

The NHS Institute has developed 'better care, better value' indicators, which show trust-by-trust performance by key efficiency and productivity indicators¹². The NHS Institute for

⁴ DH (2007) the NHS in England: The Operating Framework 2009/2010. London

⁵ Gainsbury S (2009) McKinsey savings report. Health Service Journal. Available at <http://www.hsj.co.uk/news/finance/dh-is-told-137000-nhs-posts-must-go-in-next-five-years/5005782.article>

⁶ Boorman S, (2009) NHS Health and Well-being Review Interim report

⁷ Black C (2008) Working for a healthier tomorrow. Available at <http://www.workingforhealth.gov.uk/Carol-Blacks-Review/>

⁸ Ham C (2007) Increasing NHS Efficiency Nuffield trust series report

⁹ DH (2002) Delivering the NHS Plan: next steps on investment, next steps on reform. London

¹⁰ Ham C (2004) Health Policy in Britain, Palgrave, fifth edition

¹¹ HM Treasury (2009) Operational Efficiency programme: final report. London

Innovation and Improvement is developing the “productive series”¹³ that examines a range of services.

Options for improved financial efficiency in the NHS are new areas of research for the SDO programme. Some work has been undertaken on the impact of local labour factors on the organisation and delivery of health services¹⁴, the relationship between health services workforce and health outcomes¹⁵ and organisational factors and performance¹⁶.

3. Remit of this call: main topic areas identified

For many NHS managers the period ahead will be the first time they experience financial 'austerity'. The SDO programme wishes to commission primary research that can report quickly, and provide useful and timely results.

SDO is particularly interested in proposals for research into the following broad headings:

- variations in clinical practice including disinvestment and more effective use of interventions
- use of the NHS workforce
- service reconfiguration and redesign
- financial management in the NHS.

Variations in clinical practice

Potential topics are:

- acting on variations in clinical practice as identified by the Care Quality Commission
- targeted disinvestment of services
- efficiency and variation across whole patient care pathways, not just within organisations.
- how commissioners can ensure value for money and allocate efficiency across the healthcare systems.

Use of the NHS workforce:

Potential topics are:

- new and amended professional roles
- multi-professional team working, collaborative working and advances in technology
- pay and workforce productivity
- association between staffing levels, skill mix and outcomes
- leadership and role development in the workforce at all levels.

Service reconfiguration and redesign:

Potential topics are:

- cost saving through system reform and reconfiguration
- drivers to reduce the number of organisations across the health sector
- price competition and organisational processes
- efficiency strategies for service delivery and quality improvement as opposed to short term cost reduction

¹² <http://www.productivity.nhs.uk/>

¹³ http://www.institute.nhs.uk/quality_and_value/productivity_series/the_productive_series.html

¹⁴ Elliott B, Scott A, Skatun D et al (2003) The Impact of Local Labour Market Factors on the Organisation and Delivery of Health Services, London: NCCSDO. (<http://www.sdo.nihr.ac.uk/sdo522003.html>)

¹⁵ Sheldon T, Hewitt C, Lankshear A et al (2005) Health Service Workforce and Health Outcomes: A Scoping Study London: NCCSDO. (<http://www.sdo.nihr.ac.uk/sdo502003.html>)

¹⁶ Sheaff, R., Schofield, J., Mannion, R., Dowling, B., Marshall, M. and McNally, R. (2004) Organisational factors and performance: a review, Report for the NCCSDO. (<http://www.sdo.nihr.ac.uk/sdo552003.html>)

- reconfiguring services to enable more care to be provided outside acute hospitals.

Financial management in the NHS:

Potential topics are:

- financial and non-financial incentives within NHS organisations encompassing things like service line reporting, patient level costing, cost and overhead charging and sharing, arrangements for dealing with surplus/deficits at departmental/directorate level etc - and how they impact on efficiency
- meeting delivery targets within the resources available
- cash-releasing efficiency savings (CRES) in the NHS - how effective they are, what are the determinants of success and to what extent they may lead to service reduction, cost shifting or other unintended behaviours.

4. Process for proposal selection

The NIHR SDO programme is now seeking outline proposals in the themes set out above. The duration of the projects will have to be justified and applicants are reminded that timeliness will be highly valued. Both short (up to 1 year) and medium (up to 3 years) term projects will be considered. The latter will be expected to provide regular interim reports.

The NIHR Service Delivery and Organisation programme is funded by the NIHR, with contributions from WORD in Wales. Researchers in England and Wales are eligible to apply for funding under this call. Researchers in Scotland and Northern Ireland should contact their Health Department Research and Development Office and Health and Social Care Research & Development, Public Health Agency respectively if they wish to discuss funding opportunities for this type of research.

Whilst we have not set a maximum cost for projects, value for money will be scrutinised and all costs must be justified. Applicants should be aware that changes of 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.

Applications for this call will be assessed in two stages. Outline proposals will be checked for eligibility and then reviewed by the Priority Areas Panel. The primary criterion against which the Panel assesses outline proposals is that of **NHS need – 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 set out in this call for proposals.
- 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 and useful to and capable of application by the management community in the NHS.
- Likelihood that the proposed research will promote the greater engagement of the academic community of researchers and the practice community of healthcare managers, and the development of links between academic institutions and NHS organisations in this area.

Successful outline proposals

Applicants whose proposals are shortlisted will be asked to develop a full proposal for assessment by the SDO Commissioning Board meeting in July 2010. 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.

5. General guidance for applicants

Our main concern is to commission research which is well designed, will be effectively carried out by the research team, and will provide findings which meet the needs of the NIHR SDO programme and the NHS management and leadership community it serves. In order to achieve this, we encourage applicants to take the following points into account:

- **Theoretical framing and empirical methods.** Issues should be addressed in a way likely to lead to the wide applicability of findings. Applicants should clearly demonstrate links between theoretical and empirical work. Large projects will need various methods, including both qualitative and quantitative approaches matched to study questions and with clear understanding as to how findings from different empirical approaches will be integrated.
- **Research team makeup and expertise.** Projects are likely to use broad teams with significant input from diverse disciplines and a commitment to developing robust inter-disciplinary approaches. Applicants need to show that they will commit appropriate time and effort to the project. The principal applicant should generally be the person who has contributed most to the intellectual and practical development of the proposal, and who will take responsibility for its implementation. The NIHR SDO programme encourages inclusion of an element of research capacity-building.
- **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 communicating how the proposed work has potential implications for service delivery that could lead to enhanced public and community engagement.
- **Research governance.** Applicants should ensure that their proposal complies with the Research Governance Framework. Successful applicants will be required to provide proof of research ethics committee approval for their project, if this is required.
- **Costs and value for money.** Project costs will be carefully scrutinised and must always be well justified. 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.

6. Dissemination and knowledge mobilisation

Applicants should be able to demonstrate that although the findings should be applicable to the current situation these should also be sustainable beyond a 12 month period, and in outlining their research plans, the applicants should make clear how findings will be communicated, particularly to service audiences.

Applicants should outline plans for conference, seminar and other forms of dissemination to go alongside written communications. The proposed work should be designed and delivered in a way that is helpful to NHS decision makers. Projects lasting more than one year will be expected to deliver interim reports on progress and provisional findings (approximately annually).

Applicants will be expected to deliver a full report detailing all the work undertaken and supporting technical appendices (up to a maximum 80,000 words), and an executive summary (500 words).

7. Application process and timetable

Any questions, queries or requests for clarification in relation to this call for proposals should be sent by email to sdo@southampton.ac.uk with the reference number 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 Wednesday 23 December 2009**. 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 by end of February 2010.

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 by early August 2010. Please note that these dates may be subject to change.