

1st April 2010

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To: SHA Directors of Finance

Reference: FMWP (09-10) 35

Dear Colleague

Regional PCT and SHA Management Costs Ceilings and Reporting

Further to the Directors of Finance meeting last week, please find attached, at Annex 1, the final version of the guidance on the approach to PCT and SHA Management Costs Ceilings and Reporting.

In addition to Annex 1, we have also amended the Management Costs Definition guidance for PCTs and SHAs, to ensure they are 2009/10 compliant and that the requirement to report Commissioner and Provider Management Costs separately is in place.

Please cascade this letter to your organisations as you consider appropriate and should you require any further information please contact either myself or Colin Forsyth.

Yours sincerely



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NHS Financial Controller

Cc: David Flory
Bob Alexander
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Colin Forsyth
SHA Deputy Directors of Finance
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Regional PCT and SHA Management Costs Ceilings and Reporting

1. Background

The 2010 /11 Operating Framework said:

'Management and administrative support costs must be reviewed and reduced to maximise the proportion of NHS resources that is invested in frontline services. To achieve this, each SHA must meet an aggregate target reduction of 30% in management and agency costs by 2013/14. It will be for SHAs to determine how this is managed across PCTs. For absolute clarity, the expectation is that: while there is no specific target for 2010/11, most progress needs to be made in 2010/11 and 2011/12; co-terminosity can be used as a driver; and provider arms are to be included in the aggregate'

2. Approach

- 2.1 The ceiling for the total of the SHA and PCT Management Costs target will be set by reducing the current aggregate actual value of SHA and PCT Management Costs under current definitions by 30%. This means that the aggregate envelope available for Management Costs will be 70% of the audited Management Costs as published in the annual financial accounts.
- 2.2 PCTs and SHAs should initially develop plans consistent with a ceiling for Management Costs at £1,056m across England (70% of the 2008/09 audited Management Costs). This will generate a minimum saving of £453m. The ceiling will be reviewed, once the 2009/10 Management Costs are available.
- 2.3 The £1,056m Management Costs ceiling will be apportioned to each SHA region, based on weighted capitation (see appendix 1).
- 2.4 There will not be any fundamental revision to the PCT and SHA Management Costs definitions. This will enable meaningful comparisons between years. However, the Definitions guidance has been amended to ensure it is 2009/10 compliant and reflects the guidance in this annex.
- 2.5 Firmer directions on Management Costs have been included in the 2009/10 manual for accounts, to raise it higher on the agenda of organisations and external auditors. PCTs are required to apportion their total Management Costs between Commissioner and Provider arms for 2009/10. In addition, there will be a comparison between the total 2008/09 and 2009/10 Management Costs, by organisation, with any significant movements requiring explanation.
- 2.6 SHA and PCT Financial Plans should demonstrate a recurring level of no more than 80% of the 2008/09 Management Costs by the end of 2011/12. There must also be demonstrable progress towards this ceiling at the end of 2010/11.

- 2.7 PCT financial plans should also separately identify the Management Costs ceiling for both their Commissioner and Provider arms. PCTs will not be able to use the transfer of the Provider Arm to reduce Management Costs to the level required. For example, if a PCT has £10m of Management Costs, of which £3m relate to its Provider arm, it is not able to achieve its 70% ceiling just by transferring out the Provider Arm. Transparency is essential in reporting these savings and organisation must avoid any action that includes just reclassifying costs to achieve the target. Once the Provider arm is transferred out of the PCT, that part of the ceiling associated with the Provider arm will be removed from the overall Management Costs ceiling for the SHA region.
- 2.8 Organisations should include estimates for the costs of redundancies in their financial plans, but should note that in terms of the reported Management Costs in the accounts and the target reduction, redundancy costs are not included.
- 2.9 It should be noted that there is no additional central funding available to support any of these changes.
- 2.10 In addition to the disclosure requirements relating to Management Costs in the audited final statements of SHAs and PCTs, SHAs will include a statement in their Annual Report. This statement should be included starting from 2010/11, and will detail the region wide progress made in delivering the Management Costs target. The statement will be similar in format to that used for reporting management and administration savings delivered under the CPLNHS programme. It is possible that a level of in year regional reporting will be required to demonstrate delivery. This will be discussed with SHA Directors of Finance as necessary.
- 2.11 As a result of this reduction programme, it is likely that SHAs will need to review wider administrative costs in PCTs and their own organisation as they implement local QIPP plans.

3. Next Steps

- 3.1 SHA regions will be encouraged to share their emerging plans for achieving the management cost savings across organisations with their regional Social Partnership Forum.
- 3.2 Alongside the development of this aspect of the guidance relating to the reduction in Management Costs, Candy Morris, Chief Executive of South East Coast SHA, has been asked to lead the process for ensuring that the necessary wider HR processes as required to support the reduction are fit for purpose and can be operationalised successfully.
- 3.2 The Department of Health, in co-production with a lead SHA, will establish an implementation group to ensure clear definitions, effective implementation plans and monitoring of progress and problems. This group will liaise closely with representatives of the national Social Partnership Forum.

Management Costs ceiling and reduction by SHA region

| | 2008/09 SHA and PCT Management Costs £m | Management Costs ceiling - at 70% of 2008/09 Management Costs £m | Management Costs reduction | |
|--------------------------|---|---|----------------------------------|------------|
| | | | £m | % |
| North East | 83.6 | 59.9 | 23.7 | 28% |
| North West | 224.0 | 156.0 | 68.0 | 30% |
| Yorkshire and the Humber | 147.9 | 110.8 | 37.1 | 25% |
| East Midlands | 132.1 | 89.1 | 43.0 | 33% |
| West Midlands | 176.7 | 114.1 | 62.6 | 35% |
| East of England | 156.3 | 109.1 | 47.2 | 30% |
| London | 248.1 | 161.5 | 86.6 | 35% |
| South East Coast | 118.2 | 81.9 | 36.3 | 31% |
| South Central | 102.2 | 72.1 | 30.1 | 29% |
| South West | 120.1 | 101.7 | 18.4 | 15% |
| Total | 1,509.2 | 1,056.2 | 453.0 | 30% |

DEFINITION OF MANAGEMENT COSTS IN PRIMARY CARE TRUSTS

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INTRODUCTION AND BACKGROUND

1. PCTs will remain accountable for their expenditure on management costs through their annual accounts and other reports..
2. Strategic health authorities will maintain an overview of the management costs of the organisations they performance manage. They will challenge rises in management costs that appear excessive.
3. This guidance confirms the basis of the definition of PCT management costs, provides a functional breakdown, gives details of costs that should be excluded, provides supporting information, and sets out in full the details of the definition to be used .

DEFINITION OF PCT MANAGEMENT COSTS

4. The basis of the detailed definition of PCT management costs is that it is based on staff costs only.
5. The non-staff costs elements, including headquarters and infrastructure costs, will not be counted towards PCT management costs.
6. There are several areas of costs that are excluded from the definition.

FUNCTIONAL BREAKDOWN OF PCT MANAGEMENT COSTS

7. A breakdown of PCT management functions includes:
 - board and executive committee functions
 - corporate functions
 - clinical and operational functions
 - support service functions.

Board and Executive Committee Functions

8. All staff costs associated with Board and Executive Committee functions should be included.
9. Board costs relate to the Chairman and lay members as well as officers of the PCT, including members of the executive committee.
10. Executive Committee costs relate to the Chairman of the Committee, Chief Executive, Director of Finance, and other committee members including, but not limited to, the Director of Clinical Governance, Nursing Director, Director of Operations, GP members, Director of Public Health, and social services representatives, or their equivalents.

Definition of PCT management costs

11. The range of Director posts will vary between PCTs and not all PCTs will have all of the posts listed above.
12. Where members of the Executive Committee are also Board members their costs should only be counted once.
13. The costs of administrative support to the Board and Executive Committee should also be included.

Corporate Functions

14. All staff costs associated with corporate functions should be included, subject to some specific exclusions. Corporate functions of PCTs include but are not limited to:

non-clinical staff costs associated with:

- a. management of the PCT or its budget
- b. execution of PCT delegated responsibilities, unless covered by specific exclusions.

Costs incurred through remunerating or reimbursing clinicians:

- a. for their involvement as Board members
- b. as part of the formal PCT management structure on activities below.

Corporate Functions include

- Planning and development
- Public health strategy support
- Business performance
- Estates
- IM&T
- Human resources
- Finance.
- Public relations & communications
- risk management
- Quality assurance
- Training.

15. The extent to which every individual PCT needs to provide a management infrastructure to support all of these functions - and the affordability of doing so - will vary. It is expected that pooling of resources and sharing of services between NHS bodies will become common practice as NHS organisations work collaboratively to optimise the use of management resources across the local health economy.

Clinical and Operational Functions

16. Staff costs of the most senior manager of each clinical and operational function should be included. Costs of other senior managers and senior nurse managers whose salary is above the threshold should also be included.

17. The range of functions will differ widely depending upon the extent to which individual PCTs directly provide healthcare services. The management functions may relate to community services, nursing and rehabilitation and a wider range of services. They may include, but are not limited to, the following:

| | |
|------------------------------------|------------------------------------|
| Clinical and operational functions | Clinical directors |
| | Locality management |
| | Multi-disciplinary community teams |
| | Community nurse teams |
| | Rehabilitation and recuperation |
| | GPs as managers. |

Support Service Functions

18. Staff costs of the most senior manager of each support service function should be included even where the salary is below the threshold. Costs of other senior managers and senior nurse managers whose salary is above the threshold should also be included.
19. Most of these support services will only apply where a PCT directly provides healthcare services. Where a PCT directly provides healthcare services, support services may include, but are not limited to, the following:

| | |
|---------------------------|--|
| Support service functions | Administrative services |
| | Catering |
| | Domestic services |
| | General services |
| | Hotel services |
| | Laundry |
| | Secretarial services not assigned to a particular function |
| | Medical records |
| | Supplies/purchasing. |

EXCLUSIONS

20. There are exclusions to the management costs definition. Some exclusions relate to part of the cost of functions that are otherwise included. Other exclusions relate to specific service development initiatives. These exclusions apply to PCTs as outlined below.

21. The following exclusions from management costs apply to all PCTs

| PCT exclusions | |
|--|--|
| Payments to health care providers | A. Payments to health care providers in respect of health services (including grants to voluntary organisations/local authorities) B. Payments to primary care contractors, including those made to third parties (e.g. direct to IT suppliers) on behalf of designated practitioners or practices except where payments are to cover the costs of managing PCTs. |
| Expenditure on services such as and including: | A. Clinical audit B. Health promotion (including HIS helplines) C. AIDS co-ordination |
| Shared Services | Expenditure on services shared with other bodies other than that proportion actually chargeable to the PCT under a proper trading account arrangement (which should be included). Examples of such services are Internal audit consortia, hosted payroll services, Specialist Commissioning Groups and Lead purchaser arrangements. |
| Prescribing Advisers | The salary costs of prescribing advisers should be excluded. Only professional prescribing advisers (both medical and pharmaceutical) employed by PCTs to deal with GP prescribing issues, e.g. providing advice, allocating budgets, monitoring performance etc. should be excluded. |
| Public health Function | Salary costs of certain staff within the public health function should be excluded. These are listed below. Other staff whose work relates to the public health function <u>must not be excluded</u> . a. Public health consultants, communicable disease control consultants and consultants in dental public health. b. Public health specialists of equivalent status to medically qualified public health consultants and public health consultants designated by titles such as Associate, Assistant or Deputy Director of Public Health. c. Direct public health professional support to consultants is excluded if it is provided by: 1. other doctors working in the communicable disease control function e.g. Senior Clinical Medical Officers 2. infection control nurses 3. public health professionals with demonstrable specialist expertise working wholly within the public health function e.g. public health epidemiologists, public health nurses |

| PCT exclusions | |
|-----------------------------------|--|
| Clinical governance: | The total costs (e.g. salary, expenses) of employing nominated clinical governance leads, and their support staff associated with the implementation and co-ordination of the clinical governance strategy should be excluded from the calculation of PCT management costs. Where, however, such leads or staff are involved in other management functions (e.g. as a board member) the proportion of their costs devoted to those other functions should be included, unless specifically excluded elsewhere in the definition. Medical and clinical audit staff are already excluded from the definition of PCT management costs. GP Appraisal is an important aspect of clinical governance: PCT and clinical governance staff costs for supporting the implementation of GP appraisal should be excluded from the calculation of PCT management costs. |
| Primary Care Development | A. payments (e.g. locum costs) to GPs (other than those who are Board members) and other PCT members to reimburse them for their time spent in participating in the operation of their PCT where the input is related to decision making/ advice regarding the provision of patient care, the development of quality initiatives or where they are attending meetings of the full PCT. B. costs of staff employed by, and involved in, supporting the efficient and effective operation of individual practices and where responsibilities are to the practice, rather than the PCT as a whole. C. Development moneys used to improve the quality and effectiveness of care commissioned for and provided to patients |
| counter fraud operational service | All costs associated with CFOS should be excluded. |

22. The following exclusion is time limited by the length of time of the initiative. The exclusion remains where they still apply.

| | |
|-------------------------------------|---|
| Health informatics services: | specific costs associated with the use of hypothecated IM&T funds to establish Health Informatics Services should be excluded. These cover the costs of engaging specialist IM&T skills, costs of supporting the development of clinical information systems, and costs of staff project managing the implementation of local IM&T strategies. This exclusion does not affect the handling of IM&T supporting existing functions and activities, since it is intended to support those new activities related to the IM&T requirements set out in the NHS Plan Implementation Plan and subsequent guidance. |
|-------------------------------------|---|

SALARY THRESHOLD

23. The salary threshold (£29,918 for 2009/10) has been uplifted in line with the GDP deflator.
24. Salary threshold is used to identify senior managers falling into the 'other senior managers' and 'other senior nurse managers' categories. In all other cases, where no mention is made of a salary threshold it does not apply.

ANNUAL ACCOUNTS AND REPORT

25. The Manual for Accounts provides details on the reporting requirements for PCTs.
26. Total PCT management costs are to be allocated across the headings "Provider Services" and "Commissioning".

QUERIES

27. The attached proforma provides a standard structure that may be of use to PCTs and auditors in determining which costs fall into the management costs definition.
28. Queries or correspondence on the content of this document should be directed to the strategic health authority in the first instance. For a query about national NHS management costs policy contact:

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SUPPORTING GUIDANCE

Definition of managers

29. With the wide range of management posts in PCTs there may still be areas of uncertainty about whether staff should be included or not.

30. The general rule is:

If a post falls within the Board and Executive Committee or Corporate equivalent functions (i.e. sections A & B), the salary costs of all staff must be included - unless separately identified as an exclusion. If a post falls within the Clinical and Operational or Support Service functions (i.e. sections C & D), the salary costs of the most senior manager only must be included - unless separately identified as an exclusion: e.g. where a patient services manager and deputy patient services manager exist, only the salary costs of the patient services manager should be included.

However, where salary costs of staff exceed the salary threshold the costs of these staff should be included under the 'Other Senior Manager' category in the relevant section. See section on 'Salary Threshold' for further information. In such cases i.e. those not covered by the definition in sections A to D a general test to apply is as follows:

Managers have responsibility for significant resources, or have a supervisory responsibility - including the maintenance of professional standards - or perform a support function e.g. planning or personnel, rather than a clinical or operational function.

31. The definition of management costs should be applied to all staff who hold a contract of employment with a PCT, in addition to the specific parts of the definition covering Chairman and Lay Members emoluments, contracted out services, consortia arrangements and management consultancy.

Include staff involved in managing capital projects (except for PFI)

Exclude the salary costs of employees that are:

- refunded
- paid directly by a third party (e.g. health/local authority)
- fully recovered through re-charging
- paid for from capital.

Salary costs

32. The costs recorded should be those actually incurred in the year. Do not, therefore, convert part-year costs (for example of new posts or posts that were only occupied for part of the time) into full year equivalent.
33. The WTE figure in the second column of the proforma at Annex A should be similarly treated; for example, a post costing £40,000 that was filled for only 3 months of the year, should be recorded as £10,000 and 0.25 WTE.
34. Salary costs are defined as **including**:
- basic salaries paid to staff
 - employer's National Insurance contribution
 - employer's superannuation contribution
 - London weighting or any geographical allowance paid
 - any special allowances paid (e.g. psychiatric lead)
 - overtime payments
 - enhanced payments for unsocial hours
 - performance related pay or bonuses
 - overlapping of posts during handovers - where two staff occupy one post for a period e.g. to facilitate the hand-over of responsibility between an outgoing and an incoming manager, the full costs of both staff should be included. Similarly, the overlap should be reflected in the 'WTE' figure. So a three month overlap on a post, for example, would result in 1.25 WTE.
 - temporary or agency staff working in any of the posts listed, including interim staff on a consultancy basis
 - staff on maternity or long term sick leave
 - staff on long term training courses still employed and funded by the PCT
 - payments in lieu of notice
 - value of benefits in kind received: this should be the cost to the PCT of providing the benefit in addition to the PCT's national insurance contribution.

and excluding:

- payments for 'on-call' clinical duties (e.g. those paid to MLSOs)
- redundancy or early retirement costs
- severance payments made to staff vacating any of the posts listed in the proforma
- reimbursed expenses where they are separately identifiable.

Salary threshold

35. Salary threshold should only be used to identify staff to include in the other senior/senior nurse managers' in each section.
36. Salary threshold should not be confused with salary costs (as defined above) which are added to produce the actual management cost. Where no mention is made of a salary threshold, it does not apply.

37. Part-time staff should be judged against the same threshold scaled down according to their proportionate commitment.
38. The figure to be tested against the threshold is defined as including:
 - basic annual salary before tax, including any permanent or temporary additions to salary from PRP awards; and excluding:
 - London weighting, or any geographical allowance separately identified in the salary
 - any special allowances paid (e.g. psychiatric lead)
 - overtime
 - enhanced payments for unsocial hours
 - clinical on-call costs (e.g. as for MLSOs)

Example:

Where a manager earns £32,000 (excluding London weighting etc. as above), their costs are above the salary threshold and should be included in the calculation of management costs.

The costs to include are the manager's salary costs i.e. £32,000 plus London weighting etc.

Where a manager earns £23,000 (excluding London weighting etc. as above), their costs are below the salary threshold and should be excluded from the calculation of management costs.

Apportionment

Staff with Dual Managerial and Clinical Duties

39. The costs of all staff with dual managerial and clinical functions (including provision of specialist advice to other professional staff) should be apportioned between these functions (and **not** wholly included).
40. Where staff have clinical as well as management functions only the costs of their time spent on management needs to be included. Apportionment should, ideally, be based upon the identification of management sessions, but where this is not possible PCTs must make a separate assessment for each member of staff included in the definition based on the job description of the post. A clear record of this should be kept for audit purposes.

Staff with dual functions

41. A member of staff may carry out more than one of the functions listed e.g. Finance & Information manager. Where this occurs, divide the combined post into its constituent parts and include under the relevant lines. In the example

given, a proportion of the salary cost would be included under line 17 of Section B and the remaining proportion included under line 19 of Section B.

Staff working in excluded areas

42. Where staff are involved on a part-time basis in an area of work which is excluded from the definition of PCT management costs (e.g. NHS walk-in centres), only the costs of their time spent working in this area should be excluded.

Staff categories/job titles

43. Staff performing management functions should be included, as appropriate, irrespective of their job title.

Contracted-out Services

44. Where a service is contracted-out the staff costs incurred by the contractor in providing the service should be **included** in the calculation of management costs.
45. In the case of external audit, however, the total costs of external audit fees should be included.
46. To avoid any confusion there is no distinction drawn between management consultancy and other contracted-out services.
47. The proportion of the staff costs to be included in the calculation of management costs depends upon the type of service bought in:
- if the service were provided in-house and would fall within the functions listed in sections A & B then all the staff costs are to be included
 - if the service were provided in-house and would fall within the functions listed under sections C and D, then only the salary cost of the top manager in that function needs to be included (irrespective of whether this is below the salary threshold).
48. The 'staff' and 'most senior manager' costs of bought in services should, ideally, be a separately identifiable component of a contract. However, where this is not possible the service provider should be asked to provide an estimate of the costs. Where contractors refuse to provide this information, the PCT should estimate the relevant costs to include as if the service were provided in-house. A clear record of the calculation of this estimate should be kept for audit purposes.
49. These costs should be included under the relevant lines in sections A to D. (e.g. if the information services function is contracted-out, all the staff costs of this function should be included under line 19 of Section B). PCTs should also include a notional whole-time equivalent figure.

50. For each service provided a record of the apportionment and the agreement should be kept for audit purposes.

Include:

- only the staff costs of bought in services (except in the case of external audit, where the full costs should be included)

Exclude:

- the costs of all non-staff services e.g. equipment,
- consumables and expenses
- the normal work of architects, surveyors, engineers, and lawyers
- any functions which are specifically excluded in sections A to D
- costs relating to Private Finance Initiative projects.

Examples of types of contracted-out services are listed below. This list is not exhaustive - the PCT must include all services it buys in.

- Advice on/evaluating competitive tendering
- Agency or staff recruitment, block contracts for large groups of staff, rather than single contracts to recruit to specific senior posts
- Audit and accountability
- Building services and maintenance
- Car parks
- Catering
- Clerical and secretarial
- Clinical services such as community care provided by social services
- Computer hardware and software provision and maintenance
- Crèche provision
- Creditor payments
- Data processing
- Domestic services
- Engineering and maintenance
- Equipment maintenance
- External audit
- Feasibility studies
- Financial planning
- General supplies
- Grounds, gardening and farming
- Job evaluation
- Laundry and linen
- Legal services
- Management services
- Marketing and business Planning
- Medical records
- Non-emergency patient transport
- Pathology
- Payroll
- Personnel records
- Pest control
- Policy and strategy review

- Portering
- Reception/switchboard
- Review of organisational and departmental structures
- Staff residential accommodation
- Security
- Staff training
- Sterile supplies
- Storage and distribution
- Transport
- Transport hire
- Waste disposal
- Window cleaning

Consortia and Shared Services

51. The relevant costs (as defined within the management costs definition) of consortia arrangements should be apportioned across **all** members of the consortium and recorded in each member's management costs.
52. Where PCTs or other NHS organisations have consortia arrangements to provide services to each other (for example, payroll, IT services etc.), the lead organisation for each service must establish the relevant management costs and apportion these between all the organisations (including non-NHS organisations) benefiting from the service. The method of apportionment must be agreed between the organisations involved at the start of the period of service provision and a record of both the apportionment and agreement must be made for audit purposes. PCTs responsible for leading consortia must demonstrate to auditors that costs across the consortium are reconcilable with total management costs for the provision of the service.
53. In exceptional circumstances, where agreement cannot be reached, the SHA should be informed.
 - Non-emergency patient transport: where this service is provided by an ambulance NHS Trust, the 'receiving' PCTs should not record any management costs relating to the provision of the service. However, where the service is provided by a private organisation, the receiving' PCTs should treat the service like a normal contracted-out service and calculate the relevant costs accordingly.
54. Only the management costs relating to the direct provision of the service should be included for apportionment. Where the other members of the consortium incur costs from the management of the contract or arrangement these should be included in their own management costs, except for the lead PCT which can apportion the costs incurred from managing contracts with other members of the consortium.
55. Each member of the consortium should include its share of the costs under the relevant function in sections A to D.

Private Finance Initiative

56. The salary costs of PCT staff (and management consultants) involved in Private Finance Initiatives (i.e. from when a capital investment proposal is identified as a PFI proposal), should be excluded from the calculation of management costs.
57. Where staff are working on PFI on a part-time basis, only the costs of their time spent on PFI should be excluded.
58. The costs of time spent on PFI schemes by Board members must not be excluded from their normal costs.

ANNEX A: PCT MANAGEMENT COSTS: PROFORMA

| | Function/Job Title | Total | | Commissioning | | Provider Services | |
|----------|--|-----------------------|-----------|-----------------------|-----------|-----------------------|-----------|
| | | Management Cost £000s | Staff WTE | Management Cost £000s | Staff WTE | Management Cost £000s | Staff WTE |
| A | Board & Executive Committee | | | | | | |
| 1 | Chairman and Non Executives | | | | | | |
| 2 | Chief Executive | | | | | | |
| 3 | Finance Director | | | | | | |
| 4 | Director of Clinical Governance | | | | | | |
| 5 | Nursing Director | | | | | | |
| 6 | GP Director | | | | | | |
| 7 | Director of Operations | | | | | | |
| 8 | Social Services Officer | | | | | | |
| 9 | GPs | | | | | | |
| 10 | Community Professionals | | | | | | |
| 11 | Other Executive Directors | | | | | | |
| 12 | Administrative and clerical support to the chief executive, Chairman and directors | | | | | | |
| 13 | Sub-Total – board costs and staff | | | | | | |
| B | Corporate Functions | | | | | | |
| 14 | Commissioning | | | | | | |
| 15 | Planning & Development | | | | | | |
| 16 | Public Health Strategy | | | | | | |
| 17 | Business Performance | | | | | | |
| 18 | Estates | | | | | | |
| 19 | Information Management & Technology | | | | | | |
| 20 | Human Resources | | | | | | |
| 21 | Finance | | | | | | |
| 22 | Public Relations & Communications | | | | | | |
| 23 | Risk Management | | | | | | |
| 24 | Quality Assurance | | | | | | |
| 25 | Training | | | | | | |
| 26 | Other Corporate functions | | | | | | |
| 27 | Other senior managers | | | | | | |
| 28 | Other senior nurse managers | | | | | | |
| 29 | Sub-Total – corporate functions | | | | | | |
| C | CLINICAL AND OPERATIONAL SERVICES | | | | | | |
| 30 | Clinical Directors | | | | | | |
| 31 | Locality Managers | | | | | | |
| 32 | Multi-disciplinary Community Teams | | | | | | |
| 33 | Rehabilitation & Recuperation | | | | | | |
| 34 | General management of Clinical Services | | | | | | |
| 35 | General practitioners as managers | | | | | | |
| 36 | Community health centre/hospital management/administration | | | | | | |
| 37 | Other Clinical & Operational Services | | | | | | |
| 38 | Other senior managers | | | | | | |
| 39 | Other senior nurse managers | | | | | | |
| 40 | Sub-Total – clinical and operational services costs and staff | | | | | | |

Definition of PCT management costs

| | Function/Job Title | Total | | Commissioning | | Provider Services | |
|----------|--|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | | Management Cost £000s | Staff WTE | Management Cost £000s | Staff WTE | Management Cost £000s | Staff WTE |
| D | SUPPORT SERVICES | | | | | | |
| 41 | Administrative services | | | | | | |
| 42 | Catering | | | | | | |
| 43 | Domestic services | | | | | | |
| 44 | General services | | | | | | |
| 45 | Hotel services | | | | | | |
| 46 | Laundry | | | | | | |
| 47 | Secretarial services | | | | | | |
| 48 | Medical records | | | | | | |
| 49 | Patient services | | | | | | |
| 50 | Other support services | | | | | | |
| 51 | Supplies/purchasing | | | | | | |
| 52 | Other senior managers | | | | | | |
| 53 | Other senior nurse managers | | | | | | |
| 54 | Sub-Total – support services costs and staff | | | | | | |
| E | Summary | | | | | | |
| 55 | Total Primary Care Trust management costs | | | | | | |

ANNEX B: PCT MANAGEMENT COSTS: DETAILED GUIDANCE ON COMPLETION OF PROFORMA

| Line | Function/Job Title | |
|----------|--|--|
| A | Board & Executive Committee | Costs should be included for the Chairman and lay members, all the executive directors or their equivalents, and all other executive directors listed |
| 1 | Chairman and Non Executives | |
| 2 | Chief Executive | |
| 3 | Finance Director | |
| 4 | Director of Clinical Governance | May have various titles such as Director of Clinical Excellence, Director of Clinical Governance etc. Exclude: cost of merit awards and costs related to Clinical Governance work. |
| 5 | Nursing Director | |
| 6 | GP Director | |
| 7 | Director of Operations | |
| 8 | Social Services Officer | |
| 9 | GPs | |
| 10 | Community Professionals | |
| 11 | Other Executive Directors | |
| 12 | Administrative and clerical support to the chief executive, Chairman and directors | <p>Include:</p> <p>a. administrative and clerical support to the Chief Executive, Chairman and directors, Executive Committee chair and members, including the director of Clinical Governance and the Nursing director</p> <p>b. support to the 'other' executive directors if they do not have their support costed elsewhere, such as in section B, lines 15 (planning) or 20 (Human Resources).</p> <p>If the director of Clinical Governance is supported by his/her medical secretary, then the secretary's costs should be apportioned to reflect the proportion of management sessions worked by the director.</p> <p>Staff employed in the role of 'company secretary' should be included in this section.</p> |
| 13 | Sub-Total – board costs and staff | |
| B | Corporate Functions | <p>All staff working within the corporate function should be included in the PCT's management costs (irrespective of salary), unless they fall into the exclusions below. Where staff have dual functions include only the relevant proportion of costs under the appropriate functions</p> <p>Some corporate departments include functions that are included in sections C and D of the definition. One example is that of catering services being part of the estates department. Another is that of medical records placed within an information department. Where this occurs, divide the combined department into its constituent parts. In the example given, since catering and medical records are specifically mentioned in section D, they would be separated from estates and information respectively, and the costs of their respective managers included in section D, lines 42 and 48. Their staff, who might otherwise have been included as management costs, would now be excluded entirely. Conversely, some corporate departments have devolved staff, such as management accountants or personnel officers, to clinical directorates. The costs of these staff should be included in their appropriate corporate department</p> |

Comment [DH1]: But exclusions given here are not the same as those given above. Also in Nurse managers section there are reference to the pay threshold and the management definition, although this contradicts earlier statements that these terms need not be applied to corporate staff.

Definition of PCT management costs

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| 14 | Commissioning | Include: salary costs of all staff involved in commissioning functions |
| 15 | Planning & Development | Include: project and development managers |
| 16 | Public Health Strategy | |
| 17 | Business Performance | |
| 18 | Estates | Exclude technical and operational staff employed in estates departments with no supervisory responsibility for directly managed staff (such as electronic and bio-medical equipment engineers, architects surveyors, engineering design staff) |
| 19 | Information Management & Technology | Exclude: Clinical coders |
| 20 | Human Resources | |
| 21 | Finance | |
| 22 | Public Relations & Communications | |
| 23 | Risk Management | |
| 24 | Quality Assurance | Exclude: medical and clinical audit staff |
| 25 | Training | Include: the person with immediate responsibility for the training function (irrespective of salary or whether they perform some 'hands-on' training themselves) - other administrative and clerical staff. Exclude: staff who actually directly provide the training e.g. lecturers and course leaders. Where provision of training is only part of the employee's job, salary costs relating to their other functions should be included. |
| 26 | Other Corporate functions | Include: salary costs of all staff involved in other functions previously to those of PCGs. |
| 27 | Other senior managers | Most of these staff will have already been included above. From those remaining: Include: staff with salaries above the threshold paid on senior manager or administrative and clerical scales (or PCT equivalents) except where specifically excluded below. Exclude: managers of small homes (9 beds or less) for people with learning or physical disabilities or mental illness, counsellors, librarians, chaplains, medical audit staff, clinical and technical specialists with no management responsibility, bed managers, income generation managers e.g. lottery manager, health and safety officers, health promotion staff, public health professionals involved in public health functions, senior paramedics providing around-the-clock technical and clinical advice and earning over the threshold. |

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| 28 | Other senior nurse managers | <p>Include The management element of: nursing, midwifery and health visiting staff paid on Whitley (or relevant PCT) senior nurse pay scales grade H and above (or successor/equivalent roles under Agenda for Change) and with salaries over the threshold. The following are examples of staff who should be included: clinical directorate nurse manager, care group nurse managers, divisional nurse managers, locality nurse managers, specialty nurse managers and managers of nurse staff banks</p> <p>Exclude: all nursing, health visiting and midwifery staff paid on Whitley (or relevant PCT) nurse pay scales grade G or below (or successor/ equivalent roles under Agenda for Change), unless working in one of the specific categories under sections A to D; any community team managers (nurses and midwives), defined as having 'immediate' line responsibility for G grade health visitors (or successor/ equivalent roles under Agenda for Change) , district nurses, community psychiatric nurses, community nurses for people with learning disabilities, or community midwives and managing less than 20 (WTE) staff; - any staff who are clinical specialists or clinical teaching staff.</p> <p>'Clinical specialists' have responsibility for providing a clinical service in person, or with a small number of staff. This may be directly to patients, or by giving specialist advice to other professional staff e.g. diabetic liaison nurse, breast feeding counsellor, control of infection nurse, discharge liaison nurse, stoma care nurse, continence adviser, child protection nurse, occupational health nurse, family planning nurse, tissue viability nurse, nurse tutor, clinical trainer.</p> <p>Nurses, midwives and health visitors with both managerial and clinical duties should have their costs apportioned between these duties and only the costs relating to the management function should be included. To help determine those duties defined as 'management', please refer to the general definition below: Managers have responsibility for significant resources, or have a supervisory responsibility – including the maintenance of professional standards – or perform a support function e.g. planning or personnel, rather than a clinical or operational function.</p> |
| 29 | Sub-Total – corporate functions | |
| C | CLINICAL AND OPERATIONAL SERVICES | <p>Within this section only the salary costs of the most senior manager of the following functions should be included. Other PCT staff working in these areas should be excluded. Managers with both managerial and clinical duties should have their costs apportioned between these duties and only the costs relating to the management function should be included.</p> <p>To help determine those duties defined as 'management', please refer to the general definition below: Managers have responsibility for significant resources, or have a supervisory responsibility - including the maintenance of professional standards – or perform a support function e.g. planning or personnel, rather than a clinical or operational function.</p> |
| 30 | Clinical Directors | Exclude: the cost of merit awards. |
| 31 | Locality Managers | |
| 32 | Multi-disciplinary Community Teams | |
| 33 | Rehabilitation & Recuperation | |

Comment [DH2]: This implies threshold does not apply –redraft?

Definition of PCT management costs

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| 34 | General management of Clinical Services | Include: managers of: services to a 'locality' or 'care group'; day centres, day hospitals, community hospitals, large community homes (10 beds or more), and rehabilitation or assessment centres; multi-disciplinary community teams; large community nurse teams of 20 or more WTEs; other department heads/therapy services managers e.g. in charge of audiology, dietetics, occupational therapy, physiotherapy, psychology, occupational health and speech therapy, if they have 10 or more (WTE) staff in their department. |
| 35 | General practitioners as managers | Include: Payments for sessions worked in a management capacity (1 session = 0.1 WTE). |
| 36 | Community health centre/ hospital management/ administration | |
| 37 | Other Clinical & Operational Services | |
| 38 | Other senior managers | Apply definition under Section B line 28. |
| 39 | Other senior nurse managers | Apply definition under Section B line 28. |
| 40 | Sub-Total – clinical and operational services costs and staff | |
| D | SUPPORT SERVICES | Within this section only the salary costs of the most senior manager of the following functions should be included. Other PCT staff working in these areas should be excluded. See C. above. |
| 41 | Administrative services | Include: e.g. managers of complaints, negligence claims |
| 42 | Catering | |
| 43 | Domestic services | |
| 44 | General services | Include: fleet managers and managers of residences, telephones etc., irrespective of their salary. |
| 45 | Hotel services | |
| 46 | Laundry | |
| 47 | Secretarial services | This applies to secretarial services/typing pools which are not assigned to any particular function. Include: the manager of the secretarial services/typing pool |
| 48 | Medical records | |
| 49 | Patient services | |
| 50 | Other support services | |
| 51 | Supplies/purchasing | Include: the manager of the supplies/purchasing function Where a PCT uses the services of NHS Supplies, these costs should be treated as the costs of managing a contracted-out service and the appropriate costs included in the calculation of management costs. |
| 52 | Other senior managers | Apply definition under Section B line 28. |
| 53 | Other senior nurse managers | Apply definition under Section B line 28 |
| 54 | Sub-Total – support services costs and staff | |
| E | Summary | |
| 55 | Total Primary Care Trust management costs | This should be equal to the sum of totals of Sections A, B, C and D |

Comment [DH3]: