

# NHS GLOSSARY OF TERMS

A-Z OF HEALTHCARE



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A-Z OF HEALTHCARE



**FINANCE &  
CLINICAL  
EDUCATORS**

| A                      | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| ACCUAL ACCOUNTING      | A method of accounting where income and expenses are recorded when they are incurred, rather than when they are paid.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| ACTIVITY BASED COSTING | <p>Activity Based Costing is a cost accounting method used in the NHS to more accurately allocate costs to specific services or activities.</p> <p>Activity based costing assigns costs based on the resources consumed by each activity, rather than allocating them based on general overhead or flat rates. This can provide a more accurate picture of the true cost of providing a particular service or activity and can help to identify areas where costs can be reduced or efficiencies can be gained.</p> <p>In the context of the NHS, activity based costing can be used to better understand the cost of providing specific healthcare services or treatments, and to identify areas where improvements in efficiency or resource utilization can be made. This information can be used to inform decisions around service delivery, resource allocation, and strategic planning.</p> <p>Activity based costing is often used in conjunction with other financial management tools in the NHS, such as National Tariff and Best Practice Tariffs (BPTs), to ensure that healthcare providers are being paid fairly for the services they provide, and to promote greater efficiency and quality in the delivery of healthcare services.</p> |
| AGENDA FOR CHANGE      | <p><a href="#">Agenda for Change</a> is a national pay system used in the NHS to determine the pay and conditions of employment for most NHS staff, excluding doctors, dentists, and very senior managers.</p> <p>Introduced in 2004, Agenda for Change replaced a number of different pay scales and grading systems with a single, nationally-agreed framework. The system is designed to be fair, transparent, and flexible, and to support the recruitment, retention, and development of staff across the NHS.</p> <p>Under Agenda for Change, NHS staff are assigned to one of nine pay bands based on their job role and responsibilities. Each pay band has a defined pay range, with incremental increases available within each band based on length of service and performance. Staff may also be eligible for additional payments for working unsocial hours or for taking on additional responsibilities.</p>                                                                                                                                                                                                                                                                                                                               |

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|                       | <p>In addition to pay, Agenda for Change also sets out a range of standard terms and conditions of employment for NHS staff, including annual leave entitlements, sick pay, and pension contributions. The system is regularly reviewed and updated to ensure that it remains fair and relevant to the changing needs of the NHS workforce.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| APMS                  | <p><a href="#">Alternative Provider Medical Services</a></p> <p>APMS contract refers to medical services that are commissioned by the NHS from providers who are not part of the traditional NHS system. This can include private healthcare providers or other non-NHS organisations.</p> <p>APMS contracts are typically used to provide additional capacity and choice in areas where there may be a shortage of NHS providers, or where there is a need for specialised services that are not currently available through the NHS. These contracts can cover a wide range of services, including primary care, mental health services, and other specialist medical services.</p> <p>One of the key advantages of APMS contracts is that they allow the NHS to work with a wider range of providers, which can help to improve access to healthcare services and increase competition, leading to better quality care. However, it is important to ensure that any providers commissioned through APMS contracts meet the same high standards of care and safety as NHS providers, and are subject to appropriate regulation and oversight.</p>                                                                                                                                            |
| ANNUAL OPERATING PLAN | <p>An <a href="#">Annual Operating Plan</a> (AOP) in the NHS is a document that sets out the goals, priorities, and targets for a specific NHS organisation for the upcoming year. It is typically developed by the senior leadership team of the organisation, in collaboration with staff and other stakeholders, and is based on the overall objectives and strategies set out in the NHS Long Term Plan.</p> <p>The AOP will typically include a range of performance targets and indicators, such as waiting times for appointments and treatments, patient satisfaction scores, and financial targets. It will also set out the actions and initiatives that the organisation will undertake in order to achieve these targets, such as improvements to service delivery, workforce development, and investment in new technology or facilities.</p> <p>The AOP is an important tool for ensuring that NHS organisations are aligned with the broader strategic objectives of the NHS, and that they are working effectively to deliver high-quality, patient-centered care. It is also used as a means of monitoring and assessing the performance of NHS organisations over the course of the year, and providing feedback and support as needed to help them achieve their goals.</p> |
| AUDIT                 | <p>An audit is an independent examination and verification of an organisation's financial, operational, or performance records to ensure compliance with regulations, policies, and procedures, and to identify areas for improvement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



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|                        | <p>In the context of the National Health Service (NHS), an audit may be conducted by internal or external auditors, and may focus on various areas such as clinical practice, financial management, or information governance. The purpose of an audit is to provide an objective assessment of the quality and effectiveness of the organisation's processes, systems, and controls, and to identify any areas where improvements could be made.</p> <p>The findings of an audit are usually documented in an audit report, which summarises the auditor's observations, conclusions, and recommendations. The audit report may be used by senior management or governing bodies to make decisions about how to improve the organisation's operations or to address any issues identified during the audit. The audit process is an important tool for ensuring accountability, transparency, and quality in healthcare services, and for promoting continuous improvement and best practice.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>AUDIT COMMITTEE</b> | <p>The audit committee is a sub-committee of the Trust Board, which is responsible for overseeing the financial management and governance of the organisation.</p> <p>The main function of the audit committee is to provide independent oversight of the organisation's internal controls, risk management processes, and financial reporting practices. The committee is responsible for ensuring that the organisation is compliant with relevant laws, regulations, and standards, and for monitoring the effectiveness of internal and external audits.</p> <p>Some of the key responsibilities of the audit committee in the NHS include:</p> <ul style="list-style-type: none"> <li>▪ Reviewing the internal audit program and ensuring that it is aligned with the organisation's objectives and risk management strategy.</li> <li>▪ Reviewing the external audit plan and liaising with the external auditors to ensure that the audit is carried out effectively and efficiently.</li> <li>▪ Ensuring that the organisation's financial statements are accurate, complete, and in compliance with accounting standards.</li> <li>▪ Monitoring the effectiveness of the organisation's risk management and internal control systems.</li> <li>▪ Reviewing and approving the annual audit report, which summarises the findings and recommendations of the internal and external audits.</li> <li>▪ Reporting to the Trust Board on the outcomes of the audit process and making recommendations for improvements to the organisation's financial and governance practices.</li> </ul> |

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|                             | Overall, the audit committee plays a critical role in ensuring that the NHS operates in a transparent and accountable manner, and that its financial management practices are aligned with best practice standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>B</b>                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>BALANCE SHEET</b>        | A financial statement that shows an organisation's assets, liabilities, and equity at a particular point in time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>BENCHMARKING</b>         | <p>Benchmarking is the process of comparing the performance, processes, and outcomes of an NHS organisation against those of other similar organisations or against established best practice standards. The aim of benchmarking is to identify areas of strength and weakness in the organisation's performance, and to identify opportunities for improvement.</p> <p>Benchmarking in the NHS can focus on a range of different areas, such as clinical outcomes, patient satisfaction, waiting times, and financial performance. The benchmarking process typically involves collecting data from different NHS organisations, analysing the data to identify trends and patterns, and using the findings to develop recommendations for improvement.</p> <p>Overall, benchmarking is an important tool for driving performance improvement and promoting best practice in the NHS. It can help to identify areas of weakness and highlight opportunities for improvement, and can enable NHS organisations to learn from the experiences of others and adopt best practices.</p>                                                                                                                                                                                                                                                      |
| <b>BEST PRACTICE TARIFF</b> | <p>The Best Practice Tariff (BPT) in the NHS is a payment system designed to encourage the adoption of best practices and improve the quality of care provided to patients. BPTs are used in a variety of healthcare settings, including hospitals, mental health services, and community healthcare services.</p> <p>Under the BPT system, healthcare providers are paid a premium for meeting specific quality and safety standards, such as reducing hospital-acquired infections, improving patient outcomes, or reducing readmission rates. The BPT payment is in addition to the standard tariff payment for the service provided.</p> <p>BPTs are designed to incentivise healthcare providers to deliver high-quality care, and to reward those who are already doing so. They also provide a mechanism for monitoring and evaluating the performance of healthcare providers against specific quality and safety standards.</p> <p>The BPT system is part of the wider National Tariff system used in the NHS, which aims to ensure that healthcare providers are paid fairly for the services they provide, while also promoting quality and efficiency. The use of BPTs is intended to encourage continuous improvement in the quality of care provided by the NHS, and to support the delivery of the NHS Long Term Plan.</p> |

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| <b>BEYOND BUDGETING</b>          | Beyond budgeting is an approach that tries to go beyond the traditional approach to budgeting. It is a more adaptive process which enables an organisation to performance manage itself and decentralise its decision-making processes without the need for traditional budgets. It involves the abolition of traditional budget setting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>BLOCK CONTRACT</b>            | A block contract in the National Health Service (NHS) is a payment arrangement where a fixed amount of funding is allocated to a healthcare provider for a specific period of time, usually a year. This funding is intended to cover all the healthcare services provided by the provider to a defined population, such as patients registered at a particular GP practice or residents in a specific geographical area. The provider is responsible for managing the budget and delivering the necessary services within the agreed financial constraints. Block contracts are used to support integrated care and improve the efficiency of healthcare delivery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>BOARD ASSURANCE FRAMEWORK</b> | <p>The Board Assurance Framework (BAF) is a key tool used by NHS organisations to help boards ensure that they have effective systems of control, governance and risk management in place. It is a structured approach to the identification, management, and monitoring of risks to an organisation's objectives.</p> <p>The BAF is a comprehensive document that sets out the key risks facing the organisation, the measures in place to mitigate these risks, and the systems in place to monitor and manage them. It also includes a range of performance metrics that are used to monitor the organisation's progress against its objectives. The BAF is reviewed and updated regularly to ensure that it remains current and relevant to the organisation's changing risk profile.</p> <p>The BAF is a crucial tool for boards in the NHS to ensure that they are fulfilling their responsibilities for effective governance and risk management, and that they are delivering high-quality care to patients. By using the BAF to identify and manage risks, boards can ensure that they are making informed decisions and taking appropriate action to protect the interests of patients and the wider public.</p> |
| <b>BUDGET</b>                    | A financial plan that sets out the expected income and expenditure for a specific period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>BUDGET MANAGEMENT</b>         | Budget management in the NHS refers to the process of planning, monitoring, and controlling the financial resources allocated to healthcare services to ensure that they are used effectively and efficiently. It involves setting financial targets, allocating resources to different areas, monitoring expenditure, and making adjustments as necessary to ensure that the budget is used in the most effective way possible. Effective budget management is essential for the NHS to provide high-quality healthcare services while managing costs and ensuring that resources are used efficiently.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| BUDGET SETTING         | <p>Budget setting in the NHS refers to the process of determining the amount of money that will be allocated to healthcare services for a specific period, typically a financial year. This involves analysing previous expenditures, considering factors such as population growth and changing healthcare needs, and setting financial targets for different areas of healthcare provision. The budget setting process is a critical component of effective budget management in the NHS, as it determines the overall amount of financial resources available to deliver healthcare services.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| BUSINESS CASE          | <p>A business case is a formal document that outlines the rationale and justification for a proposed project or investment. It sets out the objectives, costs, benefits, risks and options for the project, and provides an evidence-based argument for why it should be undertaken.</p> <p>A business case is required for any significant investment or change initiative in the NHS, and is used to inform decision-making by senior leaders, commissioners and other stakeholders. The business case must demonstrate that the proposed project or investment is aligned with the organisation's strategic objectives, represents good value for money, and will deliver tangible benefits for patients and the wider healthcare system.</p> <p>The business case is a critical tool for ensuring that resources are allocated effectively in the NHS, and that investment decisions are based on sound evidence and analysis. It also provides a framework for ongoing monitoring and evaluation of the project, to ensure that it continues to deliver the anticipated benefits over time.</p>                                         |
| <b>C</b>               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| CAPITAL EXPENDITURE    | <p>Money spent on assets that are expected to provide long-term benefits, such as buildings, equipment, and IT systems.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| CAPITAL RESOURCE LIMIT | <p>Capital Resource Limit (CRL) is a term used in the financial management of NHS organisations to refer to the maximum amount of capital expenditure that an organisation is allowed to undertake in a given financial year. The CRL is calculated by taking into account various factors such as the organisation's revenue, reserves, and borrowing capacity.</p> <p>The CRL is an important financial control mechanism designed to ensure that NHS organisations do not exceed their spending limits on capital projects, such as building or upgrading facilities, purchasing equipment or implementing new technologies. Exceeding the CRL can result in financial penalties, which can have a significant impact on an organisation's ability to deliver high-quality care to patients.</p> <p>The CRL is set at the beginning of each financial year and is reviewed regularly to ensure that it remains appropriate and reflects the changing needs of the organisation. It is a key tool for financial planning and management, enabling NHS organisations to prioritise capital projects and allocate resources effectively.</p> |

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| CAPITATION AND WEIGHTED CAPITATION | <p>Capitation and weighted capitation are methods used for funding primary care services provided by general practitioners (GPs).</p> <p>Under the capitation system, GPs are paid a fixed amount of money per registered patient, regardless of the level of healthcare services the patient uses. The capitation payment is calculated on an annual basis and is adjusted for factors such as the patient's age, sex, and whether they have any long-term health conditions.</p> <p>Weighted capitation is a variation of the capitation funding model that takes into account the specific health needs of each patient. Patients are assigned a score based on their age, sex, and health status, with higher scores indicating greater healthcare needs. GPs are then paid a higher rate for patients with higher scores, reflecting the additional resources required to meet their healthcare needs.</p> <p>Both capitation and weighted capitation are designed to incentivise GPs to provide high-quality care to their patients and to manage resources effectively. They also aim to promote equitable access to healthcare services, regardless of patients' income or ability to pay. The capitation funding model is used in other areas of the NHS, such as for funding community pharmacy services.</p> |
| CARE CLUSTER                       | <p>A <a href="#">care cluster</a> is a tool used for assessing the needs of mental health service users and for planning and delivering their care. A care cluster is a grouping of mental health service users with similar needs, based on their clinical characteristics and the type of care and support they require. There are 21 different care clusters, each of which represents a different level of need, ranging from low to high. The care clusters cover a range of mental health conditions, including psychosis, depression, anxiety, and personality disorders.</p> <p>Each care cluster is associated with a set of care pathways and interventions that are tailored to meet the specific needs of the service users in that cluster. The care clusters help to ensure that mental health services are delivered in a standardised and consistent way, based on the best available evidence and clinical expertise.</p> <p>The care clusters are used by mental health professionals, including psychiatrists, nurses, and therapists, to assess the needs of service users, to plan and deliver their care, and to monitor their progress. They are also used to inform the allocation of resources and funding for mental health services.</p>                                                     |
| CASH FLOW                          | <p>Cash flow refers to the movement of money into and out of the organisation over a particular period of time, typically a financial year.</p> <p>NHS cash flow management is important for ensuring that the organisation has sufficient funds available to meet its financial obligations, such as paying staff salaries, purchasing medical supplies and equipment, and paying for contracted services from healthcare providers.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



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|                               | <p>Cash inflows to the NHS may come from various sources, including government funding, patient charges, and private income. Cash outflows include the cost of delivering healthcare services, capital investments, and debt repayments.</p> <p>Effective cash flow management in the NHS involves forecasting and planning for expected inflows and outflows, managing cash balances to ensure that there is enough money available to meet obligations, and managing debt and investments to maximise returns and minimise risk. It is important for the NHS to maintain a healthy cash flow position to ensure that it can continue to provide high-quality healthcare services to the public.</p>                                                                                                    |
| CFO                           | CFO stands for Chief Financial Officer. In the National Health Service (NHS) in the United Kingdom, the CFO is responsible for managing the financial strategy and operations of the organisation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| CLINICAL COMMISSIONING GROUPS | CCGs were introduced in 2013 as part of the NHS reforms under the Health and Social Care Act 2012. CCGs were responsible for commissioning healthcare services for their local populations, working with other healthcare providers to improve the quality and accessibility of care. As of 1 <sup>st</sup> July 2022 the functions of CCGs have largely been taken over by Integrated Care Boards.                                                                                                                                                                                                                                                                                                                                                                                                      |
| CO-COMMISSIONING              | Co-commissioning is when two or more commissioners agree to jointly commission health care services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| COMMISSIONING                 | Commissioning is the process of planning, agreeing, purchasing and monitoring of health and care services. It aims to ensure high quality services with good outcomes for patients. In England most services are commissioned by NHS England and Integrated Care Boards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| COMPREHENSIVE SPENDING REVIEW | <a href="#">The Comprehensive Spending Review</a> is a governmental process undertaken by the Treasury to set expenditure limits for key areas of government. It also sets out, through public service agreements, the key improvements that the public can expect from these resources.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| CONTRACTING                   | <p>NHS contracting involves setting out the terms and conditions of the service to be provided, including the quality and safety standards that must be met, the outcomes that are expected, and the financial arrangements. The contracts are usually negotiated between NHS commissioning organisations (such as Clinical Commissioning Groups or Integrated Care Systems) and healthcare providers (such as hospitals, GP practices, and community healthcare providers).</p> <p>Contracts are an important part of the NHS's efforts to improve the quality and efficiency of healthcare services. By setting out clear expectations and standards, contracts help to ensure that providers deliver high-quality care that meets the needs of patients, and that resources are used effectively.</p> |

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|                                           | The NHS contracting process typically involves a competitive tendering process, in which providers are invited to bid for contracts based on the specifications set out by the commissioning organisation. Providers are usually assessed on a range of factors, including their experience and qualifications, their ability to meet the required standards, and the value for money that they offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>COST BENEFIT ANALYSIS</b>              | Cost benefit analysis is a systematic way of estimating the strengths and weaknesses of different approaches to a project, decision or an issue. It is used to determine the benefits and the costs of a decision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>COST CENTRE</b>                        | A unit of an organisation that is responsible for incurring costs and is allocated a budget.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>COST IMPROVEMENT PROGRAMME</b>         | <p><a href="#">Cost improvement programmes</a> (CIPs) in the National Health Service (NHS) are initiatives designed to help NHS organisations achieve financial savings or reduce costs while maintaining or improving the quality of patient care. CIPs are typically implemented in response to financial pressures, such as government funding cuts or increases in demand for services, and are aimed at helping NHS trusts and other healthcare providers to make the most efficient use of available resources.</p> <p>Cost improvement programmes in the NHS aim to help healthcare providers achieve long-term financial sustainability while delivering high-quality care to patients</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>COST PER CASE</b>                      | The cost of providing medical care for a specific medical condition or procedure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>COSTS – DIRECT, INDIRECT, OVERHEAD</b> | <p><b>Direct costs:</b> Direct costs are expenses that can be directly attributed to the provision of a specific service or product. In the NHS, direct costs include the salaries and benefits of clinical and non-clinical staff, the cost of medical and surgical supplies, and the cost of medicines and other treatments.</p> <p><b>Indirect costs:</b> Indirect costs are expenses that cannot be directly attributed to a specific service or product but are still necessary to maintain the overall operation of the healthcare system. In the NHS, indirect costs include expenses related to support services such as administration, finance, and human resources.</p> <p><b>Overhead costs:</b> Overhead costs are expenses that are necessary for the functioning of the NHS, but are not directly related to the provision of healthcare services. These costs include expenses related to building maintenance, utilities, and insurance.</p> <p>In general, direct costs are the most easily quantifiable costs in the NHS, as they can be directly linked to the delivery of specific services. However, indirect and overhead costs also play a critical role in maintaining the overall operation of the healthcare system, and must be carefully managed in order to maintain financial sustainability.</p> |
| <b>COUNCIL OF GOVERNORS</b>               | The <a href="#">Council of Governors</a> is an important governing body in the NHS in England. It is responsible for representing the interests of the public and ensuring that the views of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|       | <p>patients, service users, and carers are heard and taken into account in the decision-making process of NHS trusts.</p> <p>The Council of Governors is made up of elected representatives from different stakeholder groups, including patients, staff, members of the public, and partner organisations. The number of representatives from each group may vary depending on the size and structure of the trust. Governors are elected to serve for a period of three years, and their role is to provide a link between the trust and the communities it serves.</p> <ul style="list-style-type: none"> <li>▪ The main responsibilities of the Council of Governors include:</li> <li>▪ Holding the board of directors accountable for the performance of the trust.</li> <li>▪ Approving the appointment and remuneration of the trust's executive directors.</li> <li>▪ Approving the trust's annual plan and budget.</li> <li>▪ Representing the interests of local communities and stakeholders in the trust's decision-making processes.</li> <li>▪ Engaging with patients, service users, and carers to gather feedback on the quality of care and services provided by the trust.</li> </ul> <p>Overall, the Council of Governors plays a crucial role in ensuring that the NHS remains accountable to the public and that the needs of patients and communities are reflected in the decision-making process of NHS trusts.</p> |
| CQUIN | <p><a href="#">CQUIN</a> stands for "Commissioning for Quality and Innovation" and is a payment framework used in the NHS in England. The CQUIN framework was introduced in 2009 as a way to incentivize healthcare providers to improve the quality of care they deliver to patients.</p> <p>Under the CQUIN framework, a portion of a healthcare provider's funding is tied to meeting specific quality improvement targets. These targets are agreed upon by the healthcare provider and the commissioner, which is usually a local clinical commissioning group or a national body such as NHS England.</p> <p>CQUIN payments are structured as a percentage of a healthcare provider's total funding, and are typically offered in three or four categories, each with its own set of improvement targets. The categories may include areas such as patient safety, clinical effectiveness, and patient experience.</p> <p>Examples of CQUIN improvement targets in the NHS may include reducing hospital-acquired infections, improving the timeliness of cancer treatments, or increasing patient satisfaction with their care.</p>                                                                                                                                                                                                                                                                                                   |

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|                           | <p>CQUIN payments are intended to encourage healthcare providers to innovate and improve the quality of care they deliver, while also helping commissioners to ensure that public funds are used efficiently and effectively.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| CURRENCY                  | <p>The term "currency" typically refers to the unit of measurement used to assign a value to healthcare services provided by NHS organisations. Currency is an important concept in the NHS because it is used to determine how much funding a healthcare provider will receive for the services it delivers.</p> <p>The most common currency used in the NHS is the healthcare resource group (HRG), which is a classification system that groups together similar healthcare procedures and services based on their clinical characteristics and resource requirements. Each HRG is assigned a national tariff price, which represents the amount of funding that a healthcare provider will receive for delivering that particular service.</p> <p>The <a href="#">HRG</a> system is used to calculate the cost of healthcare services and determine how much funding should be allocated to each healthcare provider. This system helps to ensure that funding is allocated fairly and that healthcare providers are paid appropriately for the services they deliver.</p> <p>Overall, currency in the NHS is a key concept that underpins the funding and delivery of healthcare services, and helps to ensure that patients receive high-quality care that is efficient and cost-effective.</p>     |
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| DELAYED TRANSFERS OF CARE | <p>Delayed transfers of care (DTOCs) is a term used in the NHS in England to describe a situation where a patient is ready to be discharged from hospital but cannot do so because arrangements for their ongoing care and support are not yet in place.</p> <p>Delayed transfers of care can occur for a variety of reasons, including a lack of available social care services or a delay in assessing the patient's ongoing care needs. It can also be due to a lack of available community healthcare services, such as physiotherapy or district nursing.</p> <p>DTOCs can have significant impacts on the patient's health and wellbeing, as well as on the NHS as a whole. Patients who are delayed in leaving hospital may be at risk of infection or other complications, and the NHS may experience increased demand for beds and resources, which can affect the quality of care for other patients.</p> <p>Reducing delayed transfers of care is a priority for the NHS in England, and there are a range of initiatives and policies in place to address this issue. These include improving communication and coordination between health and social care services, investing in community healthcare services, and developing new models of care to support patients in the community.</p> |

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| DEMAND MANAGEMENT             | Demand management in the NHS refers to the process of proactively managing the demand for healthcare services, with the aim of improving patient outcomes and experiences while making the most efficient use of resources. This can include measures such as promoting preventative healthcare, managing patient expectations, reducing unnecessary referrals or treatments, and prioritising resources based on clinical need. The goal of demand management is to ensure that patients receive the right care, in the right place, at the right time, while also reducing the burden on the healthcare system.                                                                                                   |
| DEPRECIATION                  | A reduction in the value of an asset over time, due to wear and tear, obsolescence or other factors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| DIAGNOSIS-RELATED GROUP (DRG) | A system used by hospitals to classify patients into groups based on their diagnosis and treatment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| DIRECTED ENHANCED SERVICES    | <u>Directed Enhanced Services</u> (DES) are a range of additional services provided by General Practitioners (GPs) in the United Kingdom. These services are designed to improve patient care, provide additional support to specific patient groups, and enhance the overall effectiveness of primary care. DES are commissioned by NHS England and are offered on a voluntary basis to GP practices. The services are targeted towards patients with specific needs, such as those with long-term conditions, mental health issues, or complex needs.                                                                                                                                                             |
| DISPENSING PAYMENTS           | Dispensing payments refer to the process of distributing money or funds to individuals or organisations for various reasons. This may include payments made by a government agency, employer, or financial institution to an individual or organisation for services rendered, goods provided, or other obligations fulfilled.                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>E</b>                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| ECONOMIC IMPACT ASSESSMENT    | Economic impact assessment in the NHS refers to a process of evaluating the economic effects of healthcare policies, programs or investments on the healthcare system, patients, and wider society. This may involve analysing the costs and benefits of a particular intervention, assessing the potential economic risks or benefits, estimating the financial implications for the NHS, or considering the impact on the local or national economy. The aim of economic impact assessment is to inform decision-making by providing evidence-based information on the economic consequences of healthcare interventions, and to ensure that resources are used in the most effective and efficient way possible. |
| EFFICIENCY                    | Efficiency in NHS terms refers to the ability of the healthcare system to provide high-quality care while making the most effective use of available resources, such as staff, facilities, equipment, and finances. Efficient use of resources can be achieved through measures such as reducing waste, streamlining processes, optimising staff schedules, and improving the use of technology. Efficiency is a crucial aspect of healthcare delivery in the NHS, as it ensures that patients receive the care they need in a timely                                                                                                                                                                               |



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|                                 | <p>and effective manner, while also making the most efficient use of resources to maximise patient outcomes and improve overall healthcare performance.</p> <p>One NHS Finance has an NHS Efficiency Exchange that enables NHS organisations to share free-form efficiency ideas and projects at the local, regional, and national level, which can be <a href="#">accessed here</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| ELECTRONIC PATIENT RECORD (EPR) | A digital record of a patient's medical history, including diagnoses, treatments, and test results.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EXCESS TREATMENT COSTS          | <p>Excess treatment costs refer to the additional costs incurred during the course of a clinical trial that are not directly related to the standard care received by the participants. In other words, excess treatment costs are the costs of any medical interventions, procedures, or treatments that go beyond the standard of care provided to the trial participants.</p> <p>These additional costs may arise due to the use of a new drug or medical device that is being tested in the trial, which is not covered by the standard care available to the patients. These costs may also include additional diagnostic tests or monitoring required for the trial, which are not typically part of standard care.</p>                                                                                                                                                                                                                                                                                                                                                                                  |
| ENGAGEMENT VALUE OUTCOME (EVO)  | The <a href="#">EVO framework</a> is being developed for NHS trusts to facilitate the involvement of multidisciplinary teams in the understanding and local use of patient-level information and costs (PLICS). Using this information, teams can evidence the relationship between existing improvement cycles and value in healthcare.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>F</b>                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| FACE                            | <a href="#">Finance and Clinical Educators</a> (FACE) champion clinical engagement and deliver financial training to improve patient outcomes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| FINANCIAL RISK RATING           | <p>Financial risk rating in the context of the NHS refers to an assessment of the financial stability of a particular NHS organisation or healthcare provider. The NHS uses financial risk rating systems to evaluate the financial health of its organisations.</p> <p>The financial risk rating is typically based on a range of financial indicators, such as revenue, expenditure, liquidity, debt, and cash flow. The NHS also considers external factors that could affect an organisation's financial performance, such as changes in government funding, shifts in patient demographics, and changes in the local healthcare market.</p> <p>The financial risk rating system helps the NHS identify organisations that may be at risk of financial distress, and provides a basis for monitoring and support to ensure the organisation remains financially stable. A higher financial risk rating implies that an organisation may need more support and oversight to ensure that it can continue to deliver high-quality healthcare services while managing its financial resources effectively.</p> |

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| FORECASTING          | A process of estimating future income and expenses based on historical data and trends.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| FOUNDATION TRUST     | <p>An NHS Foundation Trust is a type of hospital or healthcare provider in England that has a unique status and governance structure. They were established as part of the NHS Foundation Trusts Act 2003 to give local communities more control over the services provided by their local hospitals and healthcare providers.</p> <p>Foundation trusts have more financial freedom and operational independence than other NHS trusts, such as acute trusts or mental health trusts. They are able to borrow money and invest in their services, subject to meeting certain financial and quality standards. This means they have more flexibility to innovate and respond to local needs.</p> <p>Foundation trusts are governed by a board of directors, including non-executive directors who are appointed by the Council of Governors. The Council of Governors is made up of representatives from the local community, staff, and partner organisations, and is responsible for holding the board of directors accountable for the trust's performance and ensuring that the trust operates in the best interests of its patients and stakeholders.</p> <p>Foundation trusts are also required to involve patients and the public in the planning, development, and delivery of their services. This is done through a variety of means, such as patient feedback, patient involvement groups, and patient and public engagement events.</p> |
| FULL TIME EQUIVALENT | Full-time equivalent (FTE) is a term used to describe the amount of work performed by an employee, relative to a full-time worker. FTE is calculated by dividing the number of hours worked by an employee by the number of hours worked by a full-time employee in the same position or role. The result is expressed as a decimal or a percentage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>G</b>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| GIRFT                | <u>Getting It Right First Time</u> (GIRFT) is a program developed by the NHS to improve the quality of healthcare services and reduce unnecessary variation in clinical practice. The GIRFT program aims to achieve better patient outcomes, reduce complications and readmissions, and make more efficient use of healthcare resources by identifying and sharing best practices across different healthcare providers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| GLOBAL STANDARDS     | Global standards refer to a set of guidelines, criteria, or protocols that have been agreed upon and accepted by various countries, organisations, or industries around the world. These standards are designed to ensure consistency, quality, safety, and interoperability of products, services, processes, and systems across borders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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| GMS                         | GMS stands for <a href="#">General Medical Services</a> . It is a contract arrangement between the NHS and general practitioner (GP) practices, which allows GPs to provide primary medical care services to patients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| GLOBAL SUM                  | The global sum is a key component of the General Medical Services (GMS) contract between GP practices and the NHS in the United Kingdom. It is a fixed amount of money that is paid to GPs each year to cover the costs of providing essential primary care services to their patients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| GOVERNANCE                  | Governance refers to the processes, structures, and systems through which a group or organisation makes decisions, implements policies, and manages its affairs. It involves defining goals and objectives, creating rules and procedures, allocating resources, and ensuring accountability.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| H                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| HEALTH INEQUALITIES         | <a href="#">Health inequalities</a> refer to systematic and unfair differences in health outcomes between different populations or groups. These differences can arise due to various factors, including social, economic, cultural, and environmental factors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| HEALTH AND WELLBEING BOARDS | <p><a href="#">NHS Health and Wellbeing Boards</a> are local partnerships in England that bring together local authorities, NHS organisations, and other key stakeholders, such as public health experts and representatives from the voluntary and community sectors. Their main purpose is to improve the health and wellbeing of the local population and reduce health inequalities.</p> <p>Health and Wellbeing Boards were established under the Health and Social Care Act 2012 and have a statutory duty to produce a Joint Strategic Needs Assessment (JSNA) for their local area. The JSNA is a comprehensive assessment of the current and future health and wellbeing needs of the local population, and it helps to inform the development of a Joint Health and Wellbeing Strategy.</p> <p>The Health and Wellbeing Board is responsible for developing and overseeing the implementation of the Joint Health and Wellbeing Strategy. This involves setting priorities for local health and social care services, ensuring that services are integrated and joined-up, and encouraging collaboration and partnership working between different organisations.</p> <p>Health and Wellbeing Boards also have a role in commissioning health and social care services, and they work closely with ICBs to ensure that local health services are effective and meet the needs of the local population.</p> <p>In summary, NHS Health and Wellbeing Boards are partnerships that bring together local stakeholders to improve the health and wellbeing of the local population, reduce health inequalities, and ensure that health and social care services are integrated and effective.</p> |

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| I                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>INTEGRATED BUSINESS PLAN</b>     | <p>An Integrated Business Plan (IBP) is a key planning document in the NHS in England. It is a comprehensive and coordinated plan that brings together financial, operational, and strategic planning across different healthcare organisations to ensure that resources are used effectively to meet local healthcare needs.</p> <p>The plan sets out the healthcare needs of the local population, identifies the key healthcare priorities and objectives, and details the actions and resources required to deliver these priorities and objectives.</p> <p>The IBP is based on a range of factors, such as demographic changes, clinical needs, financial considerations, and national policy priorities. It covers a period of several years and is updated annually to reflect changing circumstances.</p> <p>The IBP includes a range of financial and operational plans, such as workforce planning, capital investment plans, and service redesign plans. It also sets out the expected outcomes and benefits of the planned actions, as well as the risks and challenges that need to be addressed.</p> <p>Overall, the IBP is intended to ensure that resources are used efficiently and effectively to deliver high-quality healthcare services that meet the needs of the local population. By bringing together financial, operational, and strategic planning, the IBP helps to ensure that healthcare providers work collaboratively to achieve common goals and deliver the best possible outcomes for patients.</p> |
| <b>INTEGRATED CARE BOARDS</b>       | <p>A statutory NHS organisation responsible for developing a plan for meeting the health needs of the population, managing the NHS budget and arranging for the provision of health services in the ICS area. The establishment of <a href="#">ICBs</a> resulted in clinical commissioning groups (CCGs) being closed down.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>INTEGRATED CARE PARTNERSHIPS</b> | <p>A statutory committee jointly formed between the NHS integrated care board and all upper-tier local authorities that fall within the ICS area. The ICP will bring together a broad alliance of partners concerned with improving the care, health and wellbeing of the population, with membership determined locally. The ICP is responsible for producing an integrated care strategy on how to meet the health and wellbeing needs of the population in the ICS area.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>INTEGRATED CARE SYSTEMS</b>      | <p><a href="#">Integrated care systems</a> (ICSs) are partnerships of organisations that come together to plan and deliver joined up health and care services, and to improve the lives of people who live and work in their area.</p> <p>Following several years of locally led development, recommendations of NHS England and passage of the Health and Care Act (2022), 42 ICSs were established across England on a statutory basis on 1 July 2022.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| INTERNAL AUDIT                   | <p>Internal audit in the NHS is a function that provides independent and objective assurance to the organisation's board of directors, senior management, and audit committee that the organisation's risk management, governance, and internal control processes are operating effectively.</p> <p>The internal audit function in the NHS is responsible for evaluating the adequacy and effectiveness of the organisation's internal control system and providing recommendations for improvement.</p> <p>Internal audit activities may include:</p> <ul style="list-style-type: none"> <li>▪ Reviewing the adequacy and effectiveness of financial and operational controls.</li> <li>▪ Assessing compliance with laws, regulations, and NHS policies and procedures.</li> <li>▪ Evaluating the efficiency and effectiveness of operations and identifying opportunities for improvement.</li> <li>▪ Reviewing and providing assurance over the management of risks within the organisation.</li> <li>▪ Conducting investigations into suspected fraud or irregularities.</li> </ul> <p>Internal audit in the NHS operates in accordance with the International Standards for the Professional Practice of Internal Auditing, which provide a framework for internal auditors to plan, execute, and report on their work.</p> <p>The internal audit function in the NHS is usually carried out by a team of internal auditors, who are independent from the operational activities they are reviewing. They report to the audit committee, which is typically made up of independent members of the organisation's board of directors, and provide regular reports on their activities and findings.</p> <p>Overall, the internal audit function in the NHS plays a vital role in ensuring that the organization operates in an efficient, effective, and ethical manner and that resources are used appropriately to deliver high-quality patient care.</p> |
| J                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| JOINT STRATEGIC NEEDS ASSESSMENT | <p><u>Joint Strategic Needs Assessment</u> is mainly used by health and social care commissioners to plan local services. The JSNA looks at the health and care needs of the local population to inform and plan for the commissioning of health and care services within a local authority area. The JSNA looks at the factors that have an impact on people's lives. This can include social factors such as housing, employment and poverty and also things that affect health such as diet, exercise, smoking and use of alcohol and drugs. The JSNA identifies where there are gaps and inequalities in provision.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| <b>K</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>KEY PERFORMANCE INDICATORS</b>               | Key Performance Indicators (KPIs) are measurable values that organisations use to evaluate and track their progress towards achieving specific objectives or goals. KPIs provide a way to measure performance over time and to monitor progress towards achieving strategic goals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>L</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>LOCAL ENHANCED SERVICES</b>                  | <u>Local Enhanced Services</u> (LES) is a form of contract arrangement between the NHS and GP practices, which allows GPs to provide additional services beyond the standard primary care services specified in the General Medical Services (GMS) contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>THE LONG TERM PLAN</b>                       | <p><u>The NHS Long Term Plan</u> is a comprehensive strategy document that sets out the vision and priorities for the NHS in England over the next 10 years. The plan was published in January 2019 by NHS England, with the aim of improving the quality of care, health outcomes, and patient experience, as well as ensuring the sustainability of the NHS.</p> <p>The NHS Long Term Plan is based on three key themes:</p> <p>Prevention - The plan focuses on prevention as a key priority, with a particular emphasis on reducing health inequalities, promoting healthy lifestyles, and preventing ill health through early intervention.</p> <p>Personalised care - The plan aims to provide more personalised care that is tailored to the needs of individual patients, with a focus on improving access to mental health services, cancer care, and other specialist services.</p> <p>Integration - The plan seeks to improve the integration of health and social care services, with the aim of providing more joined-up and seamless care for patients.</p> |
| <b>M</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>MINIMUM PRACTICE INCOME GUARANTEE (MPIG)</b> | <p>Minimum Practice Income Guarantee (MPIG) is a mechanism used in the NHS to provide financial support to general practices that have a low patient population density or are located in deprived areas.</p> <p>Under the MPIG system, practices are guaranteed a minimum level of funding per patient, regardless of their actual patient population size. This ensures that practices with a small patient population or serving an economically deprived area are not financially disadvantaged compared to practices with larger patient populations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>N</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>NATIONAL TARIFF</b>                          | <u>The National Tariff</u> is a payment system used by the NHS in England to pay for healthcare services provided by NHS hospitals and other healthcare providers. The                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



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|                                 | <p>National Tariff sets out the prices that the NHS pays for different types of healthcare services, such as hospital procedures, diagnostic tests, and outpatient appointments.</p> <p>The National Tariff is designed to ensure that NHS providers are paid fairly for the services they provide, and that the prices paid for different services reflect their relative complexity and resource requirements. The Tariff is based on a system of activity based payments, which means that providers are paid based on the volume and complexity of the services they deliver.</p> <p>The National Tariff is set by NHS England and is reviewed annually to ensure that prices reflect changes in the cost of providing services and changes in the demand for healthcare services. The Tariff is also used to support the wider goals of the NHS, such as promoting efficient use of resources, improving quality of care, and supporting innovation and new models of care.</p> <p>The National Tariff is an important tool for financial planning and budgeting in the NHS, as it sets out the prices that NHS providers can expect to be paid for the services they deliver. It also helps to ensure that patients receive timely and appropriate care, by incentivising providers to deliver high-quality care and to manage their resources efficiently.</p> |
| NHS BUSINESS SERVICES AUTHORITY | <p>The NHS Business Services Authority (NHSBSA) is a special health authority of the NHS. It was established in 2005 to provide a range of support services to the NHS, including the management of NHS pensions, payments to primary care providers, and the administration of the NHS Low Income Scheme.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| NHS ENGLAND                     | <p><u>NHS England</u> is an executive non-departmental public body of the Department of Health and Social Care. It oversees the budget, planning, delivery and day-to-day operation of the commissioning side of the National Health Service in England as set out in the Health and Social Care Act 2012. NHS England works via 7 regional teams to support the delivery of the NHS Long-Term Plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| NHS MANDATE                     | <p><u>The NHS mandate</u> is a document that sets out the priorities and objectives for the NHS in England. It is issued annually by the government to NHS England, and outlines the funding, service standards, and performance targets that the NHS must achieve.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| NHS RESOLUTION                  | <p><u>NHS Resolution</u> is a special health authority in England that provides expertise in the management of claims against the NHS. It was established in 2017, replacing the NHS Litigation Authority. NHS Resolution works to resolve claims made against the NHS in a fair, efficient, and cost-effective manner, while also promoting patient safety and learning from incidents. The organisation provides a range of services, including the management of clinical negligence claims, the resolution of disputes, and the provision of advice and guidance to NHS organisations on risk management and litigation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| NHS STANDARD CONTRACT           | <p><u>The NHS Standard Contract</u> is a contract used by the NHS in England to purchase healthcare services from providers, such as hospitals, community health services, and</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

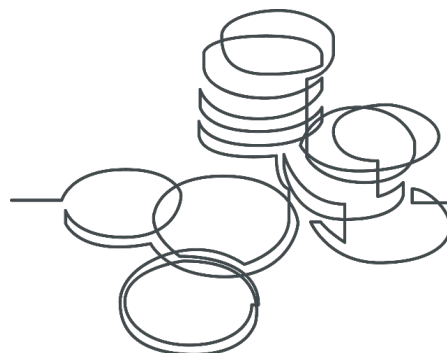
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|                                  | mental health trusts. The contract is issued annually by NHS England, and sets out the terms and conditions that must be met by providers in order to receive payment for the services they provide.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| NON EXECUTIVE DIRECTORS          | An NHS non-executive director is a member of the board of directors of a NHS organisation in England who is not involved in the day-to-day management of the organisation. Non-executive directors are appointed to provide independent oversight and challenge to the executive directors, who are responsible for the operation and management of the NHS organisation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>P</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| PATIENT LEVEL COSTING            | <u>Patient-level costing</u> is a method of cost accounting used in healthcare that assigns costs to individual patients based on the resources used in their care. It is a detailed and accurate way of measuring the costs of providing healthcare services at the individual patient level, rather than at the department or hospital level.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| PATIENT RELATED OUTCOME MEASURES | <u>Patient-Related Outcome Measures</u> (PROMs) are tools used in healthcare to assess a patient's health status, functional status, and quality of life. PROMs are typically self-reported measures completed by the patient, and can be used to evaluate the effectiveness of healthcare interventions and to guide treatment decisions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| PFI                              | <p>PFI stands for Private Finance Initiative, a financing model used to fund public infrastructure projects. PFI involves private sector companies providing funding and expertise to build, operate, and maintain public infrastructure projects such as hospitals, schools, and transport systems. In return, the private sector companies are paid by the government over a period of several years or decades, usually through a combination of lease payments and service charges.</p> <p>PFI has been used extensively in the NHS in England, with over 100 PFI schemes in place by 2018. However, in recent years, there has been growing criticism of PFI, and the government has announced that it will no longer use PFI to finance public infrastructure projects. The NHS has also been exploring alternative financing models, such as public sector borrowing and joint ventures with the private sector, to support the development of new hospital buildings and other infrastructure projects.</p> |
| PLICS                            | <u>PLICS</u> stands for Patient Level Information and Costing Systems, which is a methodology used in the NHS to collect, analyse, and report on the cost of delivering healthcare services at the individual patient level. PLICS involves collecting detailed information about the resources used in delivering care to each patient, including staff time, drugs and medical supplies, and equipment. This information is then combined with data on the patient's demographics and clinical outcomes to calculate the cost of care for that patient.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| PRESCRIBED SPECIALISED SERVICES  | <u>Prescribed Specialised Services</u> (PSS) are a set of healthcare services that are commissioned by NHS England. These services are typically provided to patients with                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|                         | complex and rare conditions that require specialised expertise, equipment, or facilities that are not available in all healthcare settings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| PRESSURES               | NHS pressures refer to the challenges faced by the NHS to meet the demand for healthcare services within the available resources. These pressures can arise due to a range of factors, including demographic changes, rising demand for healthcare services, and limited resources, among others.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PRIMARY CARE NETWORKS   | <a href="#">Primary Care Networks</a> (PCNs) are groups of GP practices that work together to provide coordinated and integrated healthcare services to their local communities. PCNs were introduced as part of the NHS Long Term Plan in 2019 to improve the delivery of primary care services and to support better integration between primary and secondary care.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| PROCUREMENT             | NHS Procurement refers to the process of acquiring goods, services, and works required by the NHS. It is the function responsible for sourcing, purchasing, and managing the supply of goods and services required by NHS organisations, including hospitals, GP practices, and other healthcare providers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| PUBLIC DIVIDEND CAPITAL | NHS Public Dividend Capital (PDC) is a form of financing that the UK government uses to invest in NHS organisations. PDC is a form of equity finance, which means that the government invests money in an NHS organisation in return for an ownership stake in the organisation. The purpose of NHS PDC is to provide long-term capital investment for the NHS, enabling it to invest in infrastructure, equipment, and other assets required to deliver high-quality healthcare services. PDC is typically used to fund large-scale capital projects such as the construction of new hospitals or the purchase of new medical equipment.                                                                                                                                                |
| Q                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| QIPP                    | <p>QIPP (Quality, Innovation, Productivity, and Prevention) is a program developed by the NHS to improve the quality of healthcare services while also increasing efficiency and reducing costs. The QIPP program aims to achieve these objectives by focusing on four key areas:</p> <ol style="list-style-type: none"> <li>1. Quality - improving the quality of healthcare services and outcomes for patients.</li> <li>2. Innovation - developing and implementing new approaches to delivering healthcare services.</li> <li>3. Productivity - increasing efficiency and productivity within the NHS to make the most of available resources.</li> <li>4. Prevention - promoting healthy lifestyles and preventing illness to reduce the demand for healthcare services.</li> </ol> |

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| QOF                        | QOF (Quality and Outcomes Framework) is a system used by the NHS to measure the performance of primary care practices in delivering high-quality healthcare services to patients. The QOF system is a voluntary program that rewards primary care practices for achieving certain targets related to the quality of care provided to patients.                                                                                                                                                                                                                                                                  |
| QUALITY ASSURANCE          | Quality assurance refers to the process of ensuring that healthcare services provided by the NHS meet the necessary standards of quality and safety. Quality assurance is a vital aspect of the NHS, as it helps to ensure that patients receive high-quality healthcare services that are safe, effective, and responsive to their needs.                                                                                                                                                                                                                                                                      |
| REFERRAL TO TREATMENT TIME | Referral to Treatment (RTT) time is a measure used by the NHS to track the length of time between a patient's referral from their general practitioner (GP) to a specialist consultant, and the start of their treatment. This measure is used to assess the performance of NHS providers in terms of their ability to deliver timely access to care for patients.                                                                                                                                                                                                                                              |
| <b>R</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| RETURN ON INVESTMENT       | <p>Return on Investment (ROI) is a financial metric used to evaluate the profitability and efficiency of an investment. It measures the amount of return, or profit, that an investor receives in relation to the amount of investment made. ROI is typically expressed as a percentage, and can be used to compare the profitability of different investments or to evaluate the performance of a single investment over time.</p> <p>The formula for calculating ROI is:</p> $\text{ROI} = (\text{Gain from Investment} - \text{Cost of Investment}) / \text{Cost of Investment}$                             |
| <b>S</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| SCHEME OF DELEGATION       | <p>A Scheme of Delegation is a document that outlines the decision-making powers and responsibilities of different individuals or groups within an organisation. It is a framework that sets out the authority to make decisions, the limits of that authority, and the procedures to be followed when making those decisions.</p> <p>In the NHS, a Scheme of Delegation is used to outline the responsibilities and decision-making powers of different levels of management within the organisation. This includes the Board of Directors, executive management, and other committees and working groups.</p> |
| SERVICE LEVEL AGREEMENT    | <p>A Service Level Agreement (SLA) is a formal agreement between different parts of the NHS or between the NHS and a third-party provider that sets out the terms and conditions of the service to be provided.</p> <p>An NHS Service Level Agreement outlines the expectations, responsibilities and obligations of each party, as well as the standards of service to be provided, the</p>                                                                                                                                                                                                                    |

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|                                        | performance measures to be used and the consequences of failure to meet the agreed-upon standard                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>SERVICE LINE REPORTING</b>          | <p>Service line reporting is a performance management tool used within the NHS to track and report on the financial and operational performance of individual clinical service lines.</p> <p>A service line refers to a specific area of healthcare service, such as cardiology or orthopaedics. Service line reporting involves tracking the costs and activity levels associated with each service line and comparing them to agreed-upon performance metrics, such as patient outcomes, waiting times, and financial targets.</p>                                                                                                                                                          |
| <b>SHMI</b>                            | <p>SHMI stands for Summary Hospital-level Mortality Indicator, which is a performance measure used by the NHS to monitor mortality rates in hospitals. The SHMI is a ratio that compares the actual number of deaths that occur in a hospital to the number of deaths that would be expected to occur based on the characteristics of the patients being treated.</p> <p>The SHMI takes into account factors such as age, sex, and the main diagnosis of the patient, as well as any underlying health conditions or comorbidities. This allows for a fairer comparison of mortality rates between hospitals with different patient populations.</p>                                          |
| <b>SPENDING REVIEW</b>                 | <p>The UK spending review is a process that takes place every few years, during which the UK government sets out its plans for public spending over the coming years. The spending review covers a wide range of areas, including health, education, defence, and welfare.</p> <p>In the context of the NHS, the spending review is an important event as it sets out the level of funding that the NHS can expect to receive over the coming years. The funding settlement for the NHS is usually announced as part of the spending review, and covers the day-to-day running costs of the NHS, as well as funding for major capital projects such as the construction of new hospitals.</p> |
| <b>STANDING FINANCIAL INSTRUCTIONS</b> | <p>Standing Financial Instructions (SFIs) are a set of guidelines and rules that govern financial management in the NHS. SFIs provide a framework for financial management and control, ensuring that all financial transactions are properly authorized, recorded, and reported, and that resources are used efficiently and effectively.</p> <p>SFIs cover a range of financial management activities, including budget setting, financial reporting, procurement, and capital expenditure. They also set out the responsibilities and accountabilities of different roles within the NHS, such as budget holders, finance managers, and chief executives.</p>                              |

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| STANDING ORDERS     | <p>Standing orders are a set of pre-defined instructions or procedures that are designed to be followed by healthcare professionals in specific clinical situations. These orders are established by a medical professional, such as a consultant or senior clinician, and approved by the hospital or healthcare organisation's management.</p> <p>Standing orders are typically used in emergency or critical care situations, where timely and accurate interventions are necessary. They provide a standard approach to treatment or care, which can improve patient safety and outcomes, as well as reduce variation in practice.</p>                                  |
| T                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| TARIFFS             | <p>Tariffs refer to the prices set for different healthcare services provided by NHS organisations. These tariffs are set by NHS England and are designed to ensure that NHS providers are paid fairly and consistently for the services they provide.</p> <p>Tariffs are calculated based on the cost of providing a particular service, including the direct costs of staff, equipment, and facilities, as well as indirect costs such as overheads and management costs. The tariffs are designed to be transparent and reflective of the actual cost of providing the service, and they are regularly reviewed and updated to reflect changes in cost and practice.</p> |
| V                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| VALUE BASED COSTING | <p>Value-based costing (VBC) is a method of costing used in the NHS. It is a process for identifying the costs of healthcare services based on the outcomes achieved for patients, rather than just the resources used in delivering the services.</p> <p>VBC takes into account the outcomes that matter most to patients, such as the quality of life, length of hospital stay, and readmission rates. It looks at the costs of providing a service over the entire patient pathway, from diagnosis to treatment and follow-up care.</p>                                                                                                                                  |
| VARIANCE            | <p>In the National Health Service (NHS) in the United Kingdom, variance refers to the difference between the budgeted or expected cost of a service and the actual cost incurred. It is a measure of how much the actual cost of a service differs from what was predicted or planned.</p>                                                                                                                                                                                                                                                                                                                                                                                  |



# FURTHER RESOURCES



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If you have any questions on any of the above or would like any further information, then please get in touch with the team at [one.finance@nhs.net](mailto:one.finance@nhs.net)

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