

Following a successful pilot scheme, service line reporting is set to grow in influence within the mental health sector, as Duncan Orme and Philip Sugarman explain.

service line reporting

■ **Service Line Reporting (SLR) has become well established within the NHS acute healthcare sector. This follows a pilot programme, run in association with the NHS foundation trust regulator, Monitor.**

The technique allows an individual service, ward, or department to understand the level of cash it is generating as EBITDA (earnings before interest, tax, depreciation & amortisation), rather than only measuring this for the whole organisation. The service also obtains a fine-grained understanding of the individual costs of procedures or levels of care it is undertaking for patients.

This accounting discipline is a vital building block for creating financial responsibility within any organisation, and it is therefore not surprising that Monitor has encouraged its adoption.

Within the acute sector a well-established national tariff, giving a cost per case of clinical care, has aided the early implementation of SLR by ensuring that income may be easily attributed to profit/cost centres. For mental health providers, SLR is best established in the independent sector, with individual business units reporting their financial results including profit ('surplus' in a charity) on a monthly basis. However, NHS block contracts – with income not closely related to activity – have meant SLR is not well established within equivalent NHS providers.

St Andrew's Healthcare, the UK's largest mental health charity, is a leading provider to the NHS of specialist services across mental health, learning disability and brain injury. Of course specialist in-patient services of this kind are run on a ward-by-ward basis, so income and costs are clearly identified to each ward.

The charity increasingly delegates financial responsibility, along with responsibilities for care, cleanliness and the environment to local service and ward managers. As in so many other large industries, decentralisation and the empowerment of local managers with information are the key step in modernisation.

Devolution of financial responsibility allows the board to focus on strategic direction, whilst monitoring performance with a balanced scorecard of key indicators for the charity, drilling down to data for each service and to each ward only if required.

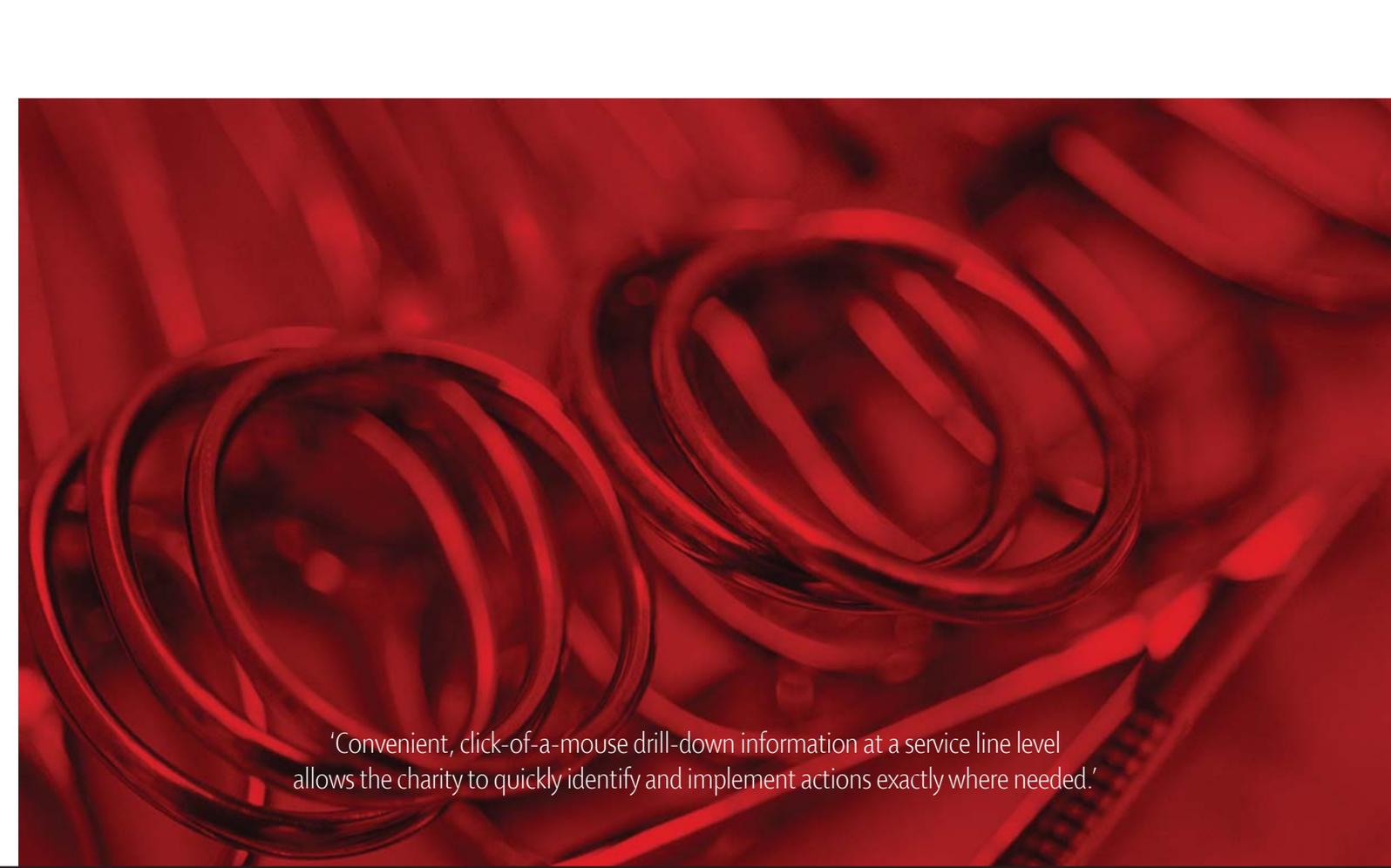
indicators

The indicators used at St Andrew's currently include financial performance, demand, clinical standards, mental health outcome, training, sickness, staff turnover and more, giving a rounded view of performance. The charity is further developing reporting tools which allow information to be drilled down to individual patient level.

All healthcare organisations will in the future need to monitor costs and outcomes of specific treatments, at this granular level, to boost the performance of the service as a whole. For example, a few instances of long-term sickness may be raising the costs and limiting the clinical performance of a particular ward. A second example would be a particular service has been full with patients, and for some time slow to respond to referrals, leading to a fall in demand, an indicator which flags up early the meaning of a fall in profit.

Convenient, click-of-a-mouse drill-down information at a service line level allows the charity to quickly identify and implement actions exactly where needed. In these examples the charity delivered supportive back-to-work programmes for key individuals, and a targeted marketing initiative to let commissioners know that St Andrew's was again able to provide a prompt service.

St Andrew's experience of performance improvement, using detailed information generated by service line reporting, may also be seen in other organisations. The recent Monitor best practice guide *How service-line reporting can improve productivity and performance.....* describes evidence of improved strategic planning and efficiencies attained using SLR from Germany, New Zealand, Norway, the US and Canada. The



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guide also sets out how acute sector pilots in the UK have identified opportunities for increased productivity by providing Boards, managers and clinicians with information on the profitability of their services.

lean thinking

St Andrew's has found that SLR enables 'lean thinking', improving the value of services and eliminating waste. This is achieved when decisions are taken by those able to identify what really matters to patients and for staff delivering a service. Resources can be more effectively deployed, with more therapeutic activities, a better ward environment, and better models of clinical staffing.

For example, two of our ward managers have recently reviewed the layout of rooms used for the management of disturbed patients, but normally 'out of use' for living and therapy space. They discovered that a modest scheme, funded by the ward itself, has brought these into use more flexibly, improved the ward environment, and raised the number of patients accommodated, and the EBITDA.

St Andrew's has several examples of these local 'investments', led by ward and service managers, which typically have a payback time of a few months. Some teams have reworked the role of ward manager, empowering nurses at lower grade to fill

much of this role, with nurses at ward manager grade covering closely related wards. This brings both savings and learning between units. Other teams have moved toward general healthcare assistant roles, working flexibly across the allied health professions, bringing more joined up care to patients, and further improving the cost base.

care pathways

SLR also aids the development of defined 'care pathways' at St. Andrew's. Individual patients make progress through the pathway, from a higher dependency area on admission, moving through several wards toward discharge. The costs of each step in the pathway of care are transparent within the charity, which is able to set a meaningful tariff. In specialist areas of mental health and learning disability NHS commissioners have for some time been moving towards tariffs based on levels of ward security and patient dependency, with payment by results being more promising for definable outpatient treatment programmes.

To conclude, it is clear that the SLR techniques, which have been developed in the acute sector, will increasingly be providing value for providers and commissioning arrangements within the mental health, learning disability and brain injury sectors. SLR works well as part of a wider programme

of decentralisation, with devolution of responsibility for performance. ■

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FURTHER READING

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How service-level reporting can improve the productivity and performance of NHS foundation trusts (Monitor Independent Regulator, December 2006)

Daniel Jones and Alan Mitchell, *Lean Thinking in the NHS* (NHS Confederation)