

case study

Salford Royal NHS Foundation Trust

The Client

Salford Royal NHS Foundation Trust is a large and busy teaching hospital that employs over 4000 employees and cares for an average of 350,000 people a year.

It provides a range of general hospital services to the people of Salford. In addition it also provides specialist care to people from all over the Greater Manchester area as it is the Neurosciences Centre for Greater Manchester, the Kidney and Dialysis Centre for the West of Greater Manchester as well as being the Neonatology Centre for the West of Greater Manchester. The Trust also provides a range of national services including Intestinal Failure and Enzyme Replacement Therapy.

As a Foundation Trust it adheres to national standards but now has greater freedom to work more closely with patients, carers and members of the local community to design and develop services that meet the needs of the people who use the hospital.

Salford also works closely with the Universities of Manchester and Salford to train hundreds of new doctors, nurses, midwives and other health professionals every year, as well as undertaking research into a range of differing clinical areas.

On an average day, the hospital cares for over 800 inpatients, sees 1,000 outpatients and treats around 200 patients in Accident and Emergency.

The Challenge

Management and staff at Salford Royal are passionate about quality and patient safety and have recognised the need for greater transparency of what is really driving performance and costs across the Trust. To obtain more reliable and credible management information that could provide a better understanding of both the income and cost of patients' treatments, Salford Royal appointed Bellis-Jones Hill in March 2007 to support their implementation of



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Service Line Reporting and Patient Level Costing using the Prodacapo Service Line Management System.

“We chose the Prodacapo system because it makes it easy to communicate complex information. It is simple to use and its broad range of analysis and reporting options make the job of understanding Service Line Reporting and Patient Level Costing far more transparent” says Tony Whitfield, Finance Director and Deputy Chief Executive at Salford Royal NHS Foundation Trust.

The Process

Bellis-Jones Hill’s Healthcare Management Solutions Practice successfully completed the Trust-wide implementation of its full Service Line Management System at Salford Royal in October 2007; the first such Trust-wide implementation in the UK.

Deputy Director of Finance, Stephen Kennedy comments, “the Trust is on a journey to be the best hospital and to ensure it provides quality and safe services at the most efficient cost. The use of Service Line Reporting is seen as a vital part of the delivery of that agenda”.

The system produces Service Line Reporting and Patient Level Costing information for both management and clinicians to help obtain real insight into performance and profitability and provides an objective basis for identifying opportunities for improvement. It allows Salford Royal to deep-dive into its own performance and provides patient episode level costs that help better understand the factors that influence patient outcomes, performance and profitability by specialty, consultant and point of delivery.

“The ability of NHS Trusts to produce enhanced and genuinely credible financial management information at patient episode level has now become a reality and is essential if clinicians and managers are to work closely together in developing their Trusts’ successfully” says the Head of Bellis-Jones Hill’s Healthcare Solutions Practice, Robin Bellis-Jones.

The implementation at Salford Royal has also included Prodacapo Service Line Performance Management, a Balanced Scorecard that measures performance against targets and plans across the Trust and at all levels from Board level down to ward level.

Tony Whitfield comments “As a key part of our overall Quality Strategy, we now have a comprehensive system that provides the degree of information accuracy required for our management team and clinicians to take important strategic and operational decisions with real confidence”.

He continues, “It’s an extremely powerful management information and reporting tool and while the results have

confirmed some of our existing views, it has also given us some interesting insights. The system has given us the ability to explain those insights and has provided us with the information that has enabled us to benefit from them.”

Key Outputs

The team at Salford Royal continues to develop its proficiency at Service Line Reporting and Patient Level Costing. More accurate and more comprehensive patient data is now available to clinicians and managers who are engaged in the further development and use of the tool. This encourages more objective analysis, dialogue and debate about the provision of service and the management of the Trust and its individual specialties.

For example, good theatre utilisation is one of the keys to successful performance in any Trust. In this instance, Service Line Reports and Patient Level Costing information highlighted the need to look at theatre utilisation much more holistically and to recognise the complexity inherent in good theatre performance.

Similarly, the cost of radiology scans was previously heavily influenced by Korner weightings that were used in the previous approach to Reference Costing. The same weightings had therefore been used to underpin the early development of Service Line Reports and the Patient Level Costs at Salford Royal.

However, the resulting costs of radiology scans seemed to be counter-intuitive – certain scans seemed to very expensive, while complex scans for in-patients seemed relatively inexpensive. This could have posed a problem to the Trust if the charging for radiology scans was based on such data. However, closer examination by clinicians and managers together quickly highlighted the fact that Korner weightings are now insufficient to reflect what is really driving the cost of patient scans and a more sophisticated approach was required.

The result is that the simple scans are now charged at a much lower price to reflect the lower work content while the more complex scans, often for in-patients, are charged at a higher price so that the real financial cost of providing treatment is reflected more accurately.

This is just a small illustration of how Service Line Reporting and Patient Level Costing information is driving a deeper understanding of performance and financial management across the Trust at Salford Royal.

The Service Line Reports are now updated quarterly to coincide with Board reporting and there are sixty clinicians and managers



across the Trust with direct access to this information for analysis and decision making.

“Being in more control of our cost information has enabled the Trust to become more commercially aware and has contributed to the improved quality of our business cases”, says Deputy Director of Finance, Stephen Kennedy.

He continues, “the information has helped enormously to inform our discussions across a range of issues as we know which areas are profitable or not and, most importantly, we can start to explain why. It also helps to set our prices when tendering for new work, ensuring that we remain competitive.”

With clinicians also able to interrogate information that hasn't always been easily accessible, they are now better able to work with managers to identify problem areas and work together to rectify them.

The Results

Salford Royal already has an enviable performance track record as is reflected in its *excellent* ratings for both *Quality of Service* and *Use of Resources* for the past three years from the Healthcare Commission.

The Trust continues to set demanding targets for itself and it is looking to benefit further from the introduction of Service Line Reporting and Patient Level Costing in a number of ways, including providing information that can help to identify areas where improvements in performance might take place, for example utilisation rates and patient throughput, waiting list clearance, harm reduction and helping to understand the costs when redesigning new patient care pathways.

Already, regular Service Line Reporting and Patient Level Costing information has had a significant impact on Salford Royal's Cost Improvement Programme, helping it to set differential targets based upon Service Line Reporting Information and is helping managers understand where cost improvements can be achieved.

The Trust recognises that if it can continue to focus on doing things “right first time” on a consistent basis across the Trust and with a strong patient care focus, then it can continue to deliver excellence in *Quality of Service* and *Use of Resources*. It also recognises the critical role of Service Line Reporting and Patient Level Costing in managing these elements on an integrated basis and in facilitating real clinical engagement.

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Stephen Kennedy

Deputy Director of Finance

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T +44(0)207 323 5033
 F +44 (0)8700 516901
 E info@bellisjoneshill.com
 Bellis-Jones Hill
 25 Watling Street
 London EC4M 9BR
www.bellisjoneshill.com