



Service-line management: **an overview**

Introduction

What is service-line management?

Service-line management (SLM) identifies specialist areas and manages them as distinct operational units. It enables NHS foundation trusts to understand their performance and organise their services in a way which benefits patients and delivers efficiencies for the trust. It also provides a structure within which clinicians can take the lead on service development, resulting in better patient care.

SLM was developed by Monitor for NHS foundation trusts, although its principles apply equally to other NHS settings. It draws on evidence and best practice from UK pilot sites and the experience of healthcare providers worldwide who use similar principles and approaches within their healthcare systems. It is a dynamic and constantly evolving programme which will continue to explore the issues and challenges faced by trusts and develop best practice solutions.

To date over 30 NHS foundation trusts, including some mental health trusts, have implemented SLM or are working towards it. Many are already experiencing the practical and strategic benefits it offers.

This briefing provides an overview of the principles and techniques that underpin SLM, the benefits it offers, the implementation process and information about further reading and support.

Service lines are the units from which the trust's services are delivered, each with their own focus on particular medical conditions or procedures and their own specialist clinicians. Each unit also has clearly identified resources, including support services, staffing and finances.

Many trusts have already implemented service-line reporting (SLR), which provides the financial and operational picture for each service. SLM takes the service line concept to a higher level, providing an organisation structure and management framework within which clinicians and managers can plan service activities, set objectives and targets, monitor their service's financial and operational activity and manage performance.

'Service-line management gives clinicians the power to achieve what they want to achieve.'

John Jacob, Clinical Director of Specialist Surgery,
Royal Devon & Exeter NHS Foundation Trust

The SLM framework

The SLM approach comprises four key elements which interlink to create an integrated framework. However, it is not a 'one-size-fits-all' system, and the core principles can be used to focus on a trust's specific objectives and implemented according to its culture and local circumstances.

Organisation structure

Moving towards SLM requires trusts to identify their service delivery units. They do this using a clear set of criteria to assess the extent to which different activities are self-contained, are of comparable size and complexity and have comparable measures of success.

Each service line should be structured so that it can operate as an autonomous business unit. An effective service line will have clear decision-making and accountability lines. Clinicians will hold prominent leadership roles, integrating the ownership of clinical, operational and financial performance. The structure will balance cost effectiveness and practical necessity, with extra divisional layers only introduced if the benefits are proven.

Strategic and annual planning process

SLM promotes a 'bottom-up' approach to planning, taking the view that clinicians and managers are best placed to identify the opportunities and threats in their specialist area, to consider future goals and set objectives to realise these goals.

A service line's strategy should be informed by a detailed analysis of its current position and guided by a two to three-year vision, aligned with the trust's overall vision. The strategy is broken down into specific short term strategic objectives as part of the annual planning process. A robust action plan with clear responsibilities, milestones and monitoring is developed and the service's targets are agreed through negotiation with the executive.

Performance management

An effective performance management system which creates transparency and accountability around the delivery of an organisation's strategic objectives is an essential component of SLM, linking each service's objectives and targets to team and individual performance.

Each service uses its annual plan to identify clear performance indicators, targets and lines of accountability. These are tracked and monitored regularly through a cycle of performance review meetings at each level of the trust.

By setting and measuring performance and putting incentives in place, performance management fosters a culture of continuous improvement. It makes clear what is expected of staff and provides the means to tackle poor performance if necessary.

To implement performance management, a trust needs to ensure that effective data collection systems and human resources support are in place.

Information

SLM relies on the production of timely, relevant information that provides the financial and operational picture for each service line and enables analysis of the relationship between activity and expenditure.

The first step to achieving the necessary level of financial detail, comparing income against expenditure, is the move to service-line reporting. This gives a statement of profitability at service-line level. Over time, trusts would be expected to be able to provide financial and other data at patient/consultant level.

By linking expenditure to individual healthcare resource groups (HRG) and the resources that support them, such as theatre costs and nursing time, patient level costing gives trusts insight into their activities. It also provides the link between operational and financial effectiveness required to review and manage performance within each service.

The benefits of SLM

Implementation of SLM can deliver a range of benefits to trusts, clinicians, staff and for patients and service users.

Better patient care

By bringing clinicians to the forefront of service development and promoting a culture of continuous improvement, SLM has the potential to improve services and result in a better experience for patients. Trusts using SLM report benefits including reduced waiting times, shorter hospital stays and reduced incidences of hospital acquired infections.

Empowering clinicians to take the lead

Unlike traditional NHS trust structures in which clinicians can feel disenfranchised from the management of their specialist area, SLM puts them at the heart of service-line operations. They can take greater charge of the development, performance and quality of their services. They can reshape service delivery to meet direct patient needs.

Greater efficiency and productivity

The robust reporting systems that underpin SLM show the link between operational and financial information. This gives clinicians and managers a more profound understanding of their resources and costs and helps them to identify areas where savings can be made, for example by reducing average length of stay or maximising the use of theatres.

SLM promotes the ownership of budgets at a service-line level. This means that if profits are made within a given service-line, a significant percentage of such profits can remain within the unit and not be absorbed into the general corporate account. This means that business unit leaders will have a real say in investment decisions.

Seeing the big picture

Trusts face challenging strategic decisions about the increasingly complex services they provide. By reporting and monitoring cost and profitability as a portfolio of service lines rather than at an aggregated level for the whole trust, a trust's board, managers and clinicians can make informed decisions about how to manage existing services, prioritise new developments or plan investments. SLM helps to free trust boards from operational matters, allowing them to focus on strategy.

‘We used to make decisions on the basis of who shouted the loudest. That will not happen any more; now it must all be evidence-based.’

Chief executive of an SLR pilot trust

A robust planning process

The approach to planning required for SLM means those who are best placed to identify a service's opportunities and threats are able to input into its objectives, which are aligned with the trust's overarching aims and reflected in team and individual performance goals.

A stronger negotiating position

SLM data gives the true cost of treatment at a patient level, putting trusts in a stronger position when negotiating with commissioners. This brings direct benefits not only for trusts but also the whole health economy. This is of particular importance for mental health trusts where SLR has helped build proxy tariffs which are now being used in negotiations with commissioners.

‘We have known that non-elective average length of stay is an issue; we’ve just never been able to quantify it before.’

Member of SLM implementation team, Chelsea and Westminster Hospital NHS Foundation Trust

Manageable structures

Organising a trust into service lines enables effective delegation to a unit of a size and scale that is manageable for developing strategy and driving improved performance. Each service line can act as a 'mini foundation trust' with the autonomy for managing its own performance within an agreed set of goals and resources.

Decision making at the right level

NHS structures don't always enable staff to take ownership of their area of work and important decisions are often divorced from 'shop-floor' intelligence. By devolving authority to service-line managers and clinicians, SLM allows decisions to be made by those with experience and knowledge of the service.

Engaging front line staff

SLM's combination of clear decision making and accountability lines, bottom-up planning and target setting and increased autonomy give staff greater ownership of their service. Incentives introduced through performance management can also result in a more motivated workforce. Trusts which have introduced SLM have reported evidence of improved morale, focus and commitment within staff groups at all levels.

**'These targets are better –
we created them.'**

Member of SLM implementation team, Chelsea
and Westminster Hospital NHS Foundation Trust

Putting SLM into practice

Implementation of SLM involves the incremental introduction of a series of changes. The required shift in behaviours and outcomes may also take time to filter through.

However, initial benefits can be seen in a relatively short time span. Service-line financial and data reporting can be implemented within three months, with the identification of key areas for SLM focus, such as organisation structure or devolved decision rights, possible within a further three months.

A journey through the implementation process may take the following course:

In the short term:

- the trust will be able to produce basic information and expenditure information by service line;
- finance departments and clinicians will begin to work together to continuously improve the quality of service-line data; and
- clinicians will gain an understanding of how income and cost relate to one another.

In the medium term:

- clinicians will understand how their actions affect the profitability of the service;
- drivers of profitability and quality will be linked and understood by the people who can affect them; and
- internal and external benchmarking is possible, highlighting areas for improvement.

In the long term:

- clinicians will take greater ownership and recognise the potential to reinvest in their service in a sustainable way;
- front line staff will set their own targets for continuous improvement and service optimisation;
- clinicians will routinely receive financial and operational metrics and use them to make decisions; and
- incentives can be clearly linked to quality and productivity improvements.

Effective leadership and engagement

For implementation to be effective, SLM requires strong senior leadership at operational, financial and clinical levels. Work with pilot studies has shown the importance of fully engaging stakeholders in the change process. Communication of the benefits of SLM, the development of a common language to define the process and robust training and support are vital ingredients for a successful roll-out.

Supporting SLM implementation

Monitor can support trusts that wish to move towards SLM. This might include materials, consultancy support, one to one coaching, learning sets, peer group support or support for trust boards.

Further information

Monitor has produced a range of publications on service-line reporting and management, available at www.monitor-nhsft.gov.uk

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