

The health provider landscape has undergone significant change in recent years and its future remains uncertain.

NHS Trusts have had to navigate upheavals in the structure of the health industry. A shift to primary care, combined with government funding challenges, has put pressure on budgets, yet Trusts have to continue to deliver high quality patient care and balance their books.

In response to these challenges, East Sussex Healthcare Trust (ESHT) set out to create a new five year strategy to become clinically, operationally and financially sustainable – to generate sufficient revenues to cover its cost base. This would enable the Trust to achieve “Foundation Trust” (FT) status which would allow the Trust more freedom to operate and self-govern and, crucially, to plough back retained surpluses into investments in key services.

Like many other organisations, the Trust operates in a constantly changing business context which makes predicting future performance notoriously difficult. For example, the Department of Health is keen to offer patients alternatives to A&E (hence reducing the amount of patients a Trust would expect to see), but uptake is very difficult to predict as patients do not fully understand the new choices available to them. Tariffs - the price established for the various services that the hospital provides to its patients - are reducing as the overall cost of providing the NHS services becomes unaffordable, but how quickly can tariffs be expected to fall? And new developments in methods of care require health care providers to change working practices, but there is a cost involved in doing so. A key question for the Trust's management therefore was how quickly, and to what degree, would these types of changes impact upon the Trust's overall performance?

Amanda Harrison, Director of Strategy and Corporate Governance, recognised the need to establish a better planning and decision making framework to enable the Trust to deal with this uncertainty. She asked us to help create a dynamic business model that allowed her and her team to develop and test changes in key operating variables, and to understand their impact on the performance of different specialities (e.g. Acute Medicine, Cardiology, General Surgery and so on) and the cost of delivering them. Our model would allow the Trust to play out a number of alternative scenarios, understand the implications for service provision, and assure ongoing financial sustainability.

Background

The Trust provides a range of health services to some 500,000 people, mainly from two district general hospitals but also from a number of community hospitals, minor injury units and primary care sites. With over 7,500 staff and an annual turnover of £360m, ESHT is one of the largest health organisations in the county.

Historically, each speciality was responsible for developing their own strategy for delivering patient services. Naturally, each speciality aspired to and wanted to adopt those aspects of best practice care which worked for them, essentially prioritising their own agenda. However, this approach made it difficult to see how the strategy of one speciality might impact that of another. And it was hard to assess the overall impact these individual speciality plans would have on the Trust as a whole when all were combined. The Trust struggled to see, and therefore judge, how different configurations of specialities might affect the organisation as a whole, and its overall ability to deliver the best possible outcomes.

Why business modelling makes business sense

A case study of our work with East Sussex Healthcare Trust

Why Berkeley

We had already worked closely with the Trust's clinicians and management to build an operating model for its maternity specialty. There were many differing opinions on the right way to evolve the maternity service, and the Trust had struggled to gain broad agreement. However, the approach that we devised had generated positive momentum. By gathering different stakeholder groups – clinicians, nurses, managers etc. - around an operating model that they had helped to create, and therefore buy into, we were able to play through each stakeholder's preferred solution to see the results in terms of patient throughput, staffing levels, bed capacity, and so on. With this quantifiable output, the group could then move to the development of an optimum solution that had good levels of support.

Amanda wanted to apply a similar approach across the entire range of services provided by the Trust. Our objective model would help the Trust's management and clinical leadership to interrogate and understand a Trust-wide operating model and therefore make informed strategic decisions about the right configuration of specialities.

What we did

We worked closely with a cross section of clinical staff and management to develop a model that accurately represented the Trust's business. The model mapped the overall demand for healthcare services in the local economy, and showed how this demand flowed into different specialities of the hospital, and what resources were required to meet this demand.

We tested our model using historical data, which proved its accuracy and secured the confidence of the clinical leadership. We then modelled a number of alternative scenarios, changing demand levels for various specialities, altering the pathways

that patients would take through the specialities and looking at ways to increase staff availability. Seeing the impact of the various changes on the Trust as a whole highlighted those specialities where priority upfront investment could unblock constraints in a different, but related specialty, and thereby create the opportunity for further improvements down the line.

The modelling capability enabled the Trust to:

- 🌀 Make both a top down and bottom up assessment of the changes required in key aspects of service provision. It could determine the overall scale of the shift needed to balance forecast patient demand against the cost of delivering services, while simultaneously meeting its stretching financial targets and operating within safe guidelines of patient care. Existing specialty strategies could then be tested to evaluate whether they could deliver the level of change required.

Through this process the Trust learned that there was in fact a significant planning gap. The model acted as ammunition to go back to each specialty and ask them to be even more radical in their thinking about how cost savings could be made.

- 🌀 Structure alternative planning scenarios, evaluating the impacts of prioritising certain specialty changes over others, to see where the biggest improvements on Trust performance could be achieved.

Strategic planning became more realistic, factoring in appropriate timeframes for consultation periods with staff and patients.

“We knew it was important to respond to the challenges we faced at organisational rather than service level. This required us to develop a more strategic approach to our future service delivery that took into account clinical interdependencies and future needs. We needed to be able to make a clear case for changing our business model to ensure we could become sustainable.”

Amanda Harrison, Director of Strategy and Corporate Governance

Combine data relating to Government-set savings targets with data drawn from the Trust's own plans. By combining the two data sets, the Trust could evaluate their ability to offer a full portfolio of health services on both hospital sites, and understand the financial implications of their decisions.

Set out an ultimately more realistic plan for an uncertain future

The Trust was able to present a series of clear options for the structure of specialities in readiness for a public consultation process which is required when significant specialty restructuring is being proposed. The discipline that our modelling process enforced meant all key assumptions the Trust made had to be quantified and evidenced. Therefore, the Trust was well prepared for the consultations and all key stakeholders felt confident in endorsing their proposed direction.

“The model helped us understand the impact of the options we had to change services. It enabled us to identify those services where reconfiguration was required and those where redesign could deliver the improvements needed. Working with the model gave clinicians and managers the confidence to advocate significant change during consultation and demonstrated that we had taken into account the impact the change would have.”

Amanda Harrison, Director of Strategy and Corporate Governance

The model we developed for the Trust highlighted the scale of the challenges they were up against. The result was a set of strategies for each specialty which were more rigorously thought through and tested than ever before. The model allowed the team to put accurate financial figures against their strategies and truly quantify the outcomes. It aligned previously disparate plans into a joined up overview of the entire Trust. This showed where the Trust could capitalise on cost savings in one area to allocate funds to another and hence move towards the goal of financial sustainability and FT status.

Perhaps most importantly though, supported by the clear and objective data from the model, both management and clinicians could be more confident and united in the decisions they were making. Any potential negative outcomes were easy to see in the model, and could be averted without being played out in the real world, where they would have real consequences for patient care.

Our work at ESHT demonstrates that with the right model, a well-defined plan and thorough testing, it is possible to bring people together to create a joined up strategy that can act as a trusted guide for the future, no matter how uncertain that future may be.



To find out more about Berkeley's business modelling experience visit:
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