

“The Trust exceeded its Cost Improvement Plan target for the 2011/12 financial year; BCH realised £10.6 million of efficiency savings for 2011/12.”

CASE STUDY

Birmingham Children's Hospital NHS Foundation Trust



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Pioneering Cost Improvement Plan Management

Vital Statistics

- £10.6 million efficiency saving realised in Year One. CIP target for 2011/12 exceeded.
- Trust awarded the lowest financial risk rating - '5' - by Monitor, the independent regulator of NHS foundation trusts.
- Quality Impact Assessment (QIA) tool developed by GHX Consulting used as the template for a national QIA methodology.
- Finance Director wins *HFMA Finance Director of the Year Award 2011*.

Challenge

In 2011/12 Birmingham Children's Hospital (BCH) faced a steep CIP target. 6% efficiency savings had to be realised within 3 years. Furthermore, the target had to be met within strict parameters.

Firstly, each year, over 225,000 sick children from across the UK are treated at Birmingham Children's Hospital. BCH boasts some of the most advanced medical technology and highest standards of care in the UK and the Trust was unwilling to allow efficiency savings to impact on patient care. Compliance with this required comprehensive and ground breaking quality impact assessment work.

Work to achieve the CIP targets had to comply with all Monitor guidance with regards to quality and be achieved without affecting 'run rates' (projected financial performance of the Trust).

Secondly, BCH required a sustainable medium to long term efficiency savings plan to be implemented across the Trust, providing the infrastructure and direction required to keep BCH on track to achieve future cost reduction targets.

Solution

1. GHX Consulting Cost Improvement Services

Birmingham Children's Hospital, through their membership of NHS Shared Business Services (NHS SBS), commissioned GHX Consulting (formerly TriSolve Ltd.) – a leading business improvement healthcare consultancy – to identify areas for savings and manage the project. This included securing senior management buy-in, Trust-wide communication and setting up and managing the complete end-to-end process.

GHX Consulting is a specialised provider of business improvement services to the healthcare industry. Established in 2005, the team offers a wide range of support to both the public and



£10.6 million

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private sectors realising significant efficiency savings, in particular by means of supply chain optimisation and cost improvement. The team of consultants work to complement a suite of GHX software eprocurement and supply chain solutions.

2. GHX supply chain technology infrastructure

Birmingham Children's Hospital selected Global Healthcare Exchange (GHX) as the preferred provider of the ICT infrastructure required to provide senior managers with visibility of the hospital's procurement spend.

GHX - the market leading provider of supply chain software services to the healthcare industry - transitioned BCH to sending electronic purchase orders via the GHX Exchange - a single conduit for business transaction documents for hundreds of suppliers. The Exchange also enabled Birmingham to receive electronic invoices directly into the Trust's financial system. The addition of GHX Nexus - a powerful, cloud-hosted catalogue and contract management tool - provided BCH with greater control and visibility over its spend.

Results

Exceeding CIP Targets

The Trust exceeded its CIP target for the 2011/12 financial year. Against a cost improvement target of £10 million, BCH realised £10.6 million of efficiency savings for 2011/12. This put the Trust in a strong position to go on and meet the targets for the remaining two years of the current cost improvement plan period.

Financial Stability

Monitor, the independent regulator of NHS foundation trusts, rated Birmingham Children's Hospital '5' in its financial risk assessment of the Trust in 2011. This score represents the lowest level of risk and indicates that there are 'no regulatory concerns'.

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Pioneering QIA Work

The CIP target was met without impacting on the quality of care provided to patients. To ensure this, GHX Consulting worked with senior managers at BCH to develop a bespoke Quality Impact Assessment (QIA) tool. This tool was adopted across the entire scope of CIP work and thus ensured quality and patient care was not affected. The QIA developed at Birmingham has since received national recognition, with the Department of Health using it as the basis for a nation-wide tool that can be made available to all NHS trusts.

Learning Lessons and Best Practice

Another key success factor in the project was the establishment of an effective Project Management Office (PMO). The PMO and the associated processes provided oversight, control and visibility of all aspects of the CIP across the Trust. This allowed the Trust to keep track of actual progress against targets. The PMO became so well established that its function is being expanded to include responsibility for other areas of the improvement at the Trust.

Award Winning

The results of the team at Birmingham Children's Hospital led to David Melborne, Finance Director at the Trust, being awarded the Healthcare Finance Managers Association (HFMA) Finance Director of the Year Award in 2011.

A summary of the key achievements delivered as a result of the partnership efforts of NHS SBS, GHX Consulting and GHX software solutions are highlighted below:

Objective	Position after the project
Systems	<ul style="list-style-type: none">• Oracle R11 rolled out to over 650 users• All invoices scanned and processed via agreed workflow• Fully deployed electronic requisitioning with catalogue management through GHX Nexus (Implemented April 2011)
Structure	<ul style="list-style-type: none">• Improved integration between Finance and Procurement
Culture	<ul style="list-style-type: none">• Self-service reporting and electronic transaction processing• Standard finance and procurement processes cover all areas of the Trust
Economics	<ul style="list-style-type: none">• Substantial staff savings achieved against expectations.• Efficiencies in transactional processing and robust controlled environment

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Key success factors on the way to achieving these results were:

- Clear ownership and accountability - of each strand of CIP work and overall responsibility for targets.
- Flexibility - a flexible approach coupled with keen focus on the targets allowed individuals to find their own creative ways to reach their targets.
- Engagement - buy-in at senior management level from the start was absolutely essential to the success or failure of the programme.
- Consistency - reinforcing the key messages and pushing forward collectively as a team.
- Establishment of a central PMO - a clearly defined management structure, with complete oversight at the PMO level.

In Focus... e-catalogues in the Paediatric Intensive Care Unit

One of the early adopters of e-catalogues at Birmingham Children’s Hospital was the Paediatric Intensive Care Unit (PICU). The software solution chosen for this purpose was GHX Nexus. This widely used system has numerous benefits, one of which is the automatic updating of product and price information. On the 1st April 2012, GHX Nexus automatically changed its prices to reflect the work the unit had done with suppliers to reduce its costs. This means that the department took immediate advantage of the savings it had created as soon as the new financial year began. Utilisation of the GHX Exchange e-procurement system meant that the organisation could track the actual savings being made in real time.



40%

In some instances, the increase in contract coverage will result in cost savings of up to 40% of original unit prices.



25 years

GHX consultants have over 25 years' experience, including at large international consultancies such as KPMG, and include ACMA and CPFA qualified accountants, and MCIPS qualified procurement professionals.

Working closely with the Procurement Department, the work the Unit completed will have a cost impact for other areas of the organisation that will directly benefit from the unit price reductions they have managed to secure on products they are already buying. In some instances, the increase in contract coverage will result in cost savings of up to 40% of original unit prices. Using catalogue technology the Procurement Department was able to identify where work done by the Paediatric Unit will have a positive effect on other departments and calculate the benefit across the Trust more widely.

The team cite the adoption of electronic catalogues as one of the key success factors for the PICU when identifying and implementing cost improvement plans that increase efficiency whilst maintaining a high level of patient care. Furthermore, the additional information provided by electronic catalogues helped the department to reduce its non-pay cost base, resulting in the department meeting its entire non-pay cost saving requirement for next year (2012/13) before the end of the 2011/12 financial year.

Why...

1. GHX Consulting

BCH commissioned GHX Consulting through their membership of NHS SBS. The expertise and experience of the GHX Consulting team was a clear fit with the requirements of Birmingham Children's Hospital. In particular, the achievement of short term goals in meeting the Trust's CIP targets and the requirement to put in place sustainable longer term efficiency initiatives.

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2. GHX

GHX software provided the Trust with the visibility of spend it required, allowing it to streamline its procurement processes at the same time as reducing its non-pay spend. System stability and scalability were also key requirements. GHX prides itself on 99.9% system uptime and, as a provider of full supply chain procurement services; the GHX solution could be scaled to fit the future needs of the Trust.

The Last Word...

David Melborne, Director of Finance at Birmingham Children's Hospital, praised the partnership approach of the GHX Consulting (formerly TriSolve Ltd.) team. "What BCH required was a complete support service to act seamlessly as an extension of our in-house team. We required advice and guidance at a senior, strategic level, full project management of our CIP, and proactive practical steps to significantly reduce our non-PO spend. TriSolve provided us with all of this. Consequently, we have requested an extension of their services."

Judith Bishton, Technical Team Manager at Birmingham Children's Hospital, said: "By utilising the catalogue system we can understand usage of products across the whole trust rather than just in our own department. This means we can work with procurement to leverage benefits for the whole organisation rather than just for Paediatrics."

Carol Wickett, Paediatric Intensive Care Unit (PICU) Stores Manager at Birmingham Children's Hospital, said: "Better quality data provided through the catalogue system means we can understand how to better interact with suppliers to get the best prices for products and services. We can now understand next year's demand for specific products and use this information to secure preferential pricing. Knowing our anticipated usage of products means we can more accurately plan and predict cost savings for the department."

Kim Taitt, Paediatric Intensive Care Unit (PICU) Nurse Manager at Birmingham Children's Hospital, said: "Better understanding of our non-pay expenditure has allowed us to work more efficiently and strategically with our supplier base. The efficiencies and commitment we have made to our suppliers mean we can collectively save money, and offer the same patient centred experience at a lower cost"

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Judith Bishton, Technical Team Manager at Birmingham Children's Hospital

GHX connects thousands of healthcare suppliers, manufacturers and distributors with hospitals and GPOs - as well as working with Governments to advise on eCommerce legislation for healthcare. Our technology enables the right devices, equipment, services and medicines to flow efficiently through the European healthcare supply chain.

KEY FACTS FROM THIS CASE STUDY:

- Fully deployed electronic requisitioning with catalogue management through GHX Nexus.
- Improved integration between Finance and Procurement.
- Self-service reporting and electronic transaction processing established.
- Substantial staff savings achieved against expectations.



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