University Hospitals Coventry and Warwickshire NHS trust

Use of Resources assessment report

Address:
Clifford Bridge Road
Coventry
CV2 2DX

Tel: 02476964000
www.uhcw.nhs.uk

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This report describes our judgement of the Use of Resources and our combined rating for quality and resources for the trust.

Ratings

Overall quality rating for this trust	**Requires improvement** ●
Are services safe?	**Requires improvement** ●
Are services effective?	**Good** ●
Are services caring?	**Good** ●
Are services responsive?	**Requires improvement** ●
Are services well-led?	**Good** ●

Our overall quality rating combines our five trust-level quality ratings of safe, effective, caring, responsive and well-led. These ratings are based on what we found when we inspected, and other information available to us. You can find information about these ratings in our inspection report for this trust and in the related evidence appendix. (See www.cqc.org.uk/provider/RKB/reports)

Are resources used productively?	**Requires improvement** ●

Combined rating for quality and use of resources	**Requires improvement** ●

We award the Use of Resources rating based on an assessment carried out by NHS Improvement.

Our combined rating for Quality and Use of Resources summarises the performance of the trust taking into account the quality of services as well as the trust's productivity and sustainability. This rating combines our

five trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating.

Use of Resources assessment and rating

NHS Improvement are currently planning to assess all non-specialist acute NHS trusts and foundation trusts for their Use of Resources assessments.

The aim of the assessment is to improve understanding of how productively trusts are using their resources to provide high quality and sustainable care for patients. The assessment includes an analysis of trust performance against a selection of initial metrics, using local intelligence, and other evidence. This analysis is followed by a qualitative assessment by a team from NHS Improvement during a one-day site visit to the trust.

Combined rating for Quality and Use of Resources

Our combined rating for Quality and Use of Resources is awarded by combining our five trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating, using the ratings principles included in our guidance for NHS trusts.

This is the first time that we have awarded a combined rating for Quality and Use of Resources at this trust. The combined rating for Quality and Use of Resources for this trust was requires improvement because:

- Whilst improvements were seen in many services, overall, safe, and responsive across both hospitals were rated as requires improvement. University Hospital Coventry was rated as requires improvement and Hospital of St Cross as good.
- Four core services improved their overall rating to good overall: medical care, surgery, service for children and young people and end of life care at University Hospital. Medical care services at Hospital St Cross also improved their overall rating to good.
- Urgent and emergency care, and maternity at University Hospital were rated as requires improvement for safe. Not all staff had mandatory training and we found potential risk to patient care in some areas. Medical care, surgery, critical care, children and young people, end of life care and outpatients were all rated as good, showing improvements from the last inspection overall. All services at Hospital of St Cross were rated as good for safe.
- Critical care wewa rated as requires improvement at University Hospital for effective. Records were in a poor state in the cardiothoracic critical care unit. At University Hospital, urgent and emergency care, medical care, surgery, maternity, children and young people and end of life care were all rated as good, showing improvements from the last inspection overall. We inspect but do not rate effective for outpatients. All services at Hospital of St Cross were rated as good for effective apart from the urgent care centre which was rated as requires improvement.
- All core and additional services inspected at both hospitals were rated good for caring, apart from end of life care, which was rated as outstanding. Staff cared for patients with compassion. Feedback from patients confirmed that staff treated them well and with kindness. Staff provided emotional support to patients to minimise their distress. Staff involved patients and those close to them in decisions about their care and treatment.

- Urgent and emergency care, surgery and outpatients were rated as requires improvement at University Hospital for responsive. There was not always access to timely care and treatment. At University Hospital, medical care, critical care, maternity, children and young people and end of life care were all rated as good, showing improvements from the last inspection overall. At Hospital of St Cross, our rating for responsive stayed the same as good. Surgery was not meeting referral to treatment targets.

Our rating of well-led improved. We rated it as good because:

- We rated well-led at the trust as good overall. This was an improvement from the last inspection. The trust leaders had a clear vision for what it wanted to achieve and workable place to turn it into action developed with involvement from staff, patients and key groups representing the community.
- Managers across the trust promoted a positive culture that supported and valued staff, created a sense of common purpose based on shared values. Staff in most areas felt supported, respected, and valued. The trust used a systematic approach to continually improve the quality of its services and safeguarding high standards of care by creating an environment in which excellence in clinical care would flourish. Although in some areas, such as across the adults and children's emergency departments and cardiothoracic critical care, this was not well developed.
- The trust was very committed to improving services by learning from when things go well and when they go wrong, promoting training, research and innovation. There was trust wide commitment to innovation with patient experience and safety at the heart of improvements.

However,

- The trust was in a challenging financial position with a control deficit in 2017/18 and although had achieved their cost improvement programme in 2017/18, over half of this had been non-recurrent money.

The trust was rated requires improvement for use of resources. Full details of the assessment can be found on the following pages.

NHS Improvement

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Date of site visit:
14 May 2018

Date of NHS Improvement review:
July - 2018

This report describes NHS Improvement's assessment of how effectively this NHS trust uses its resources. It is based on a combination of data on the NHS trust's performance over the previous twelve months, our local intelligence and qualitative evidence collected during a site visit comprised of a series of structured conversations with the NHS trust's leadership team.

The Use of Resources rating for this NHS trust is published by CQC alongside its other NHS trust-level ratings. All six NHS trust-level ratings for the NHS trust's key questions (safe, effective, caring, responsive, well-led, use of resources) are aggregated to yield the NHS trust's combined rating.

Rating for this NHS trust	**Requires improvement**

How we carried out this assessment

The aim of Use of Resources assessments is to understand how effectively providers are using their resources to provide high quality, efficient and sustainable care for patients. The assessment team has, according to the published framework, examined the NHS trust's performance against a set of initial metrics alongside local intelligence from NHS Improvement's day-to-day interactions with the NHS trust, and the NHS trust's own commentary of its performance. The team conducted a dedicated site visit to engage with key staff using agreed key lines of enquiry (KLOEs) and prompts in the areas of clinical services; people; clinical support services; corporate services, procurement, estates and facilities; and finance. All KLOEs, initial metrics and prompts can be found in the Use of Resources assessment framework.

We visited the NHS trust on the 14th of May 2018 and met the NHS trust's executive team

(including the chief executive), a non-executive director (in this case, the Vice chair) and relevant senior management responsible for the areas under this assessment's KLOEs.

Findings

Is the NHS trust using its resources productively to maximise patient benefit?	Requires improvement

- We rated the NHS trust's use of resources as requires improvement.
- The NHS trust did not meet its financial plan in 2017/18 delivering a deficit of £18.3 million (or 2.9% of turnover) including Sustainability and Transformation Fund (STF), against a planned deficit including STF of £0.3 million.
- Excluding STF the NHS trust was £14.9 million off track against its plan to achieve a deficit of £14.9 million for 2017/18, delivering a deficit of £29.4 million. This equates to 4.7% of turnover, with the trust reliant on external loans to meet its financial obligations and deliver its services.
- The NHS trust's financial and operational performance in 2017/18 was affected by the inability to deliver elective activity and significant increases in emergency demand over the winter period.
- The NHS trust has a good track record of Cost Improvement Programme (CIP) delivery, achieving CIPs of £25.5 million in 2016/17, equivalent to 4.4% of turnover (excluding STF) which was 100% of plan. For 2017/18 the NHS trust was part of the Financial Improvement Programme (FIP) and delivered a further £29.1 million of savings (or 4.7% of turnover excluding STF), however greater than 50% of this was non-recurrent in nature.
- The NHS trust has relatively low cash reserves but receives funding support from the Department of Health in order to be able to meet its financial obligations and pay its staff and suppliers. The NHS trust has strong cash management processes in place.
- Opportunities for improvement were identified in the NHS trust's number of pre-procedure bed days, the cost of medical staffing, and in a range of non-pay areas including laundry and catering costs. Many of these areas lie within a broader estates and services contracting arrangement with a PFI partner.
- The NHS trust does spend less on pay and other goods and services per weighted unit of activity than most other trusts nationally. This indicates that the NHS trust is more productive at delivering services than other NHS trusts by showing that, on average, it spends less to deliver the same number of services.
- The NHS Trust's overall Cost Per Weighted Activity Unit (WAU) is £3,483 which places the Trust in the second-best quartile. This overall cost per WAU is made up of a total pay cost WAU of £2,090 (below the national average) and a non-pay cost per WAU of £1,394 (above the national average).
- For 2016/17 the NHS trust had an overall pay cost per WAU of £2,090, compared with a national median of £2,157, placing it in the second-best cost quartile nationally. This means that overall it spends less on staff per unit of activity than most NHS trusts. The NHS trust is in the best quartile for nursing cost per WAU and the second-best quartile for Allied Health Professionals (AHP) cost per WAU.
- The NHS trust benchmarks in the worst quartile for medical cost per WAU. For example, the speciality of Cardiology has a WAU of £1,729 for medical staffing, compared to £1,314

median for similar services in England. The NHS trust explained that some sessions are bought in at premium rates, and recognise there could be some improvements to be made with this arrangement.

- Individual areas where the trust's productivity compared particularly well included medicine costs, spend on corporate services, procurement and non-medical staffing costs.
- Progress has been made on moving patients through the hospital, and the NHS trust's Delayed Transfers of Care metric has reduced from 6.7% in April 2017 to 3.9% in March 2018. However, there is more to do on patient flow and partnership arrangements around Trusted Assessment schemes and improving patient flow through the hospital needs to be more of a priority.
- For pathology the NHS trust is already working as a pathology hub for joint working with George Eliot, South Warwickshire and Burton Hospitals. Tenders for new pathology supplies contracts have been issued which extend this joint working to NHS trusts in Worcestershire and Herefordshire. Pathology costs per test which are below the national average.
- The NHS trust's medicines cost per WAU of £293 for 2016/17 compares favourably with the national average of £320. However, the figures on individual biosimilar drugs show that there is still scope to make further savings for the NHS by switching more patients.
- The NHS trust's procurement function scored highly in NHS Improvement's 2016/17 procurement league table, reflecting a good procurement transformation plan, efficient procurement processes and good performance in some of the procurement price metrics. Regular meetings are being held with neighbouring NHS trusts to develop shared procurement arrangements across the sustainability and transformation partnership (STP) and to seek to deliver more economies of scale.

How well is the NHS trust using its resources to provide clinical services that operate as productively as possible and thereby maximise patient benefit?

- The NHS trust has made productivity improvements in some individual areas such as Delayed Transfers of Care (DTOC) and the emergency readmission rate. Opportunities for improvement were identified in the length of time patient spent in hospital before their procedure was undertaken.
- At the time of the assessment in April 2018, the NHS trust was not meeting the constitutional operational performance standards around Referral to Treatment (RTT), and Accident & Emergency (A&E). Since December 2017 (80.16%)there has been a 2.28% increase in the Trust's RTT position and, as at the assessment date, the performance against the 92% standard was 82.9%. The Trust has consistently achieved the 62 cancer and diagnostic wait standards in the 12 months prior to our visit.
- Pre-procedure non-elective bed days at the NHS trust increased from 0.9% at December 2016 to 1.3% at December 2017 - being in the worst quartile nationally. This means that patients being admitted for non-elective reasons may be spending more time than they need to in hospital prior to their treatment.
- Through participating in the Financial Improvement Programme (FIP2), the NHS trust targeted improving the patient experience and helping more patients to be treated and discharged during 2017/18. The NHS trust shared data that showed DTOC rates reduced from 6.7% in April 2017 to 3.9% in March 2018. The national ambition is 3.5% and the national average from January to April 2017 was 7.9%. The NHS trust monitor key performance indicators (KPIs), and senior nurses are involved in review of patients delayed

for discharge of over 7 days. The NHS trust has identified there is further opportunity to focus on these "stranded" patients to improve both patient experience and efficiency, through working with system partners. In particular, trusted assessor arrangements are not sufficiently evidenced in this system.

- For the period September 2016 to December 2017 the NHS trust's emergency readmission rate within 30 days reduced, from 9.28% to 8.0%. This rate puts the NHS trust in the same quartile as local hospitals of similar size and complexity, and is better than the national median of 8.62%. In terms of clinical effectiveness, this means that emergency patients receiving treatment at this NHS trust were less likely to require additional treatment compared to other NHS trusts nationally.
- For 2017/18, pre-procedure elective bed days increased; at December 2017 the NHS trust's rate was 0.26, being greater than the national rate of 0.13 and much greater than the peer comparator group, at 0.08. This means that patients having elective treatments may be spending more time than they need to in hospital prior to their treatment. The NHS trust told us this was partly driven by capacity challenges, where some patients may be brought in to hospital a day before treatment in order to secure a bed. As a result, elective surgery on day of admission is in the worst quartile at 81.9% compared with the national average of 92%. The surgery on day of admission rate was particularly low for Cardiothoracic Surgery at 9.6%, compared with the national average of 34.2%.
- The Did Not Attend (DNA) rate for this NHS trust has increased over the last two years from a low of 6.33% at March 2016 to 7.34% at December 2017, about the same as the national median of 7.37%.
- The NHS trust undertook an audit of referrals from GP's for Dermatology cases which indicated an opportunity for alternate referral options, however these have not yet been realised and the NHS trust has highlighted the need to work with commissioners to progress this.

How effectively is the NHS trust using its workforce to maximise patient benefit and provide high quality care?

- The NHS trust benchmarks well across a number of key workforce efficiency measures compared to other trusts nationally. This indicates that the NHS trust spends less to deliver the same number of services. In areas where it is an outlier the NHS trust was able to demonstrate its understanding of the key drivers and confirm that improvement actions were in place and the impact these were making.
- For 2016/17 the NHS trust had an overall pay cost per Weighted Activity Cost (WAU) of £2,090, compared with a national median of £2,157, placing it in the second-best cost quartile nationally. This means that overall it spends less on staff per unit of activity than most NHS trusts. The NHS trust is in the best quartile for nursing cost per WAU and the second-best quartile for Allied Health Professionals (AHP) cost per WAU.
- The NHS trust benchmarks in the worst quartile for medical cost per WAU. The speciality of CardioThoracic has a WAU of £1,729 for medical staffing, compared to £1,314 median for similar services in England. The NHS trust explained that some sessions are bought in at premium rates, and recognise there could be some improvements to be made with this arrangement.
- The NHS trust has almost halved expenditure against agency staffing costs over the past two years moving the position from £41 million expenditure in 2015/16 to £22 million for 2017/18 and is below the maximum spend limit set by NHS Improvement, (the "agency ceiling"), of £26 million. It achieved this through increased use and efficiency in process of

bank staffing and by introducing tighter controls over rota management.

- The NHS trust has their own procurement lead to help negotiate rates with agencies and has worked collaboratively across the STP to implement harmonised bank rates, thus reducing competition and managing costs down. This NHS trust does not yet have collaborative medical bank arrangements with neighbouring organisations.
- The NHS trust told us they have realised benefits of alternative workforce models and new roles. The Advanced Care Practitioner (ACP) in Elderly Medicine has been successfully introduced to support medical consultant recruitment challenges, allowing the NHS trust to continue to run their gerontology service across both sites.
- E-rostering for nurses is in place, with rotas signed off six weeks ahead of time. A suite of KPI's are monitored to ensure effective rota management. Some specialties have medical e-roster systems and the NHS trust plans to extend this to all doctors by next year.
- The NHS trust told us they have improved their overall nurse vacancy rate from 19% to 17% over the last 12 months through recruitment initiatives. This compares to a national average rate of 10.3% and a regional average rate of 10.7%. The NHS trust uses an e-rostering module which provides real-time information on patient acuity, dependency and Care Hours Per Patient Day (CHPPD). Despite having a number of individual wards with a nurse vacancy rate of around 30%, the NHS trust actively manages nursing rotas to ensure there are safe staffing levels and cost controls.
- The NHS trust's workforce information shows that all of consultants have an active job plan. Paper–based records are now being migrated to digital to aid oversight and management of these. The NHS trust told us they are in a process of reviewing job plans to make sure consultants have a modern working pattern aligned to service requirements. A Job Planning Oversight Committee maintains oversight of this process. They told us that they have currently 70% of job plans recorded electronically. The specialty of Radiology has implemented team job planning, matching demand and capacity and the NHS trust recognises this is an area for further improvement, for example linking surgical job plans more strongly to theatre productivity.
- The staff retention rate is a measure of stability of the workforce; at this NHS trust it is the same as the national average, at 85.7% in January 2018. The retention rate for nurses and health visitors is in the highest quartile meaning it is better than the national average, whilst for midwives it is in the lowest quartile, meaning it is worse than the national average. For medical staff, retention is slightly better than the national average.
- The NHS trust identified an increasing trend in nursing and midwifery retirements during 2016/17 and has increased staff engagement activity in midwifery to understand and start to address the underlying drivers for this. It has also joined the NHS Improvement nursing workforce retention collaborative with the aim of improving further the retention position.
- At 4.59%, NHS trust overall staff sickness absence rates are the same as the national average for December 2017. The NHS trust has implemented improved sickness absence management measures and NHS trust reports show sickness rates have reduced during the first half of 2018, almost returning to the target level of 4%.

How effectively is the NHS trust using its clinical support services to deliver high quality, sustainable services for patients?

- For pathology the NHS trust is already working as a pathology hub for joint working with George Eliot, South Warwickshire and Burton Hospitals. The Trust is in discussion with Worcestershire and Herefordshire for new pathology supplies contracts which would extend

this joint working.Pathology costs per test which are below the national average.

- The NHS trust's medicines cost per WAU of £293 for 2016/17 compares favourably with the national average of £320. Pharmacy staff and medicines cost per WAU are £318 compared with the national average of £354. From February 2018, the NHS trust has started to invest more in pharmacy, so that pharmacists can spend more time on wards through ward based clinical pharmacy teams, more weekend working and closer working on Emergency Department admissions. The NHS trust has not yet reviewed or quantified the benefits of this additional investment.
- After a relatively slow start, as part of the Top Ten Medicines initiative, the NHS trust has made good progress in delivering on nationally identified savings opportunities, achieving 110% (£2.25 million) of the savings target against a national median of £2 million.
- The uptake of best value switches of medicines no longer under patent, to lower cost generic (Biosimilar) medicines during the year for three of the top four biosimilar medicines is lower than for many other NHS trusts:

- 82% for infliximab (which is in the lowest quartile nationally, but exceeds the 80% target set by NHS Improvement)

- 60% for etanercept (which is in the lowest quartile nationally and short of the 80% target set by NHS Improvement)

- 77% for rituximab (which is higher than the median and close to the 80% target set by NHS Improvement).

- These figures indicate that there is still scope to make further savings for the NHS by switching more patients. The NHS trust confirms that there was a three-month delay in switching etanercept and rituximab and that they used this period to gain agreement with commissioners and patients and to choose the best value product to enable a greater saving to be made overall.
- The uptake of generic imatinib (82%) has increased throughout the year but there remains scope for further savings.
- 64% of the total spend on paracetamol is on intravenous formulations compared with the national median of 54%. Whilst there are some patients for whom this is entirely appropriate, using proportionately more paracetamol in other forms can bring benefits in terms of higher productivity and safer, more cost-effective care.
- The use of sevoflurane accounts for 41% of the inhalation anaesthetic expenditure which is the 9th lowest in the country and much lower than the national median of 80%, sevoflurane is more cost-effective
- The NHS trust has increased the use of virtual clinics to increase productivity by enabling more patients to be treated. Virtual clinic appointments increased from 7,300 in the first 3 months of 2017/18, to 7,800 in the last 3 months.

How effectively is the NHS trust managing its corporate services, procurement, estates and facilities to maximise productivity to the benefit of patients?

- For 2016/17 the NHS trust had an overall non-pay cost per WAU of £1,394, compared with a national median of £1,301, placing it in the third most expensive quartile nationally.
- The supplies and services cost per WAU is £414 which is also in the third most expensive quartile. The cost per WAU for premises, establishment and service charges cost per WAU is the 9th most expensive in the country. This suggests that the NHS trust may be able to

reduce its spending on non-pay supplies and services, including procurement and estates costs.

- The costs of running the Finance and Human Resources departments are relatively low, with finance costs being in the lowest cost quartile and HR costs being in the second least expensive quartile. All corporate departments achieved a 3% Cost Improvement Programme (CIP) in 2017/18. The NHS trust did some market testing of back office services last year and this confirmed the services are relatively low cost.

- The NHS trust's procurement function scored very highly in NHS Improvement's 2016/17 procurement league table, reflecting a good procurement transformation plan, efficient procurement processes and good performance in some of the procurement price metrics. Regular meetings are being held with neighbouring NHS trusts to develop shared procurement arrangements across the STP and to seek to deliver more economies of scale.

- The NHS trust has good engagement with clinicians through a Procurement Steering Group to develop greater standardisation and agreement of which products to use to enable more bulk purchasing and economies of scale. There has been a particular focus on orthopaedics, neurosurgery and theatre consumables.

- The NHS trust is making some use of the Purchasing Price Index Benchmark (PPIB) tool with over 242 logins in the period from September to December 2017, although this is less than the national average of 342. The variance from minimum price for the same period was 11.3% which is broadly in line with the regional and national average variation. This indicates there may be some more scope to make more use of the PPIB tool to drive down prices further. Furthermore, 42% of the NHS trust's non-pay spend is in PPIB which leaves 58% not price matched or benchmarked against best price.

- The estates and facilities costs per square metre at £429 which is above the NHS Improvement suggested benchmark of £344. However, the nature of the Private Finance Initiative (PFI) contract means that, unlike many NHS trusts, the NHS trust does not have a backlog maintenance problem as this is the responsibility of the PFI provider. The contract has also enabled the NHS trust to target areas for additional investment such as replacement medical equipment and car parking.

- The NHS trust pay for soft facilities management services through a unitary payment in its PFI contract. It has not been able to separate out these costs into the individual component services to identify which ones could be delivered at a lower cost by another provider.

- Relative to other NHS trusts, laundry and catering costs were particularly expensive according to the 2016/17 estates data return (the ERIC return). In particular:

- Food costs per meal were £6.02 which is in the most expensive quartile nationally.

- Laundry and Linen costs per item were £0.59 which is in the most expensive quartile nationally.

- The items of laundry being used per WAU was 35.5 which is above the suggested NHS Improvement benchmark of 31.2. The NHS trust have identified that the contract requires them to pay for significantly more laundry than is being used.

- Portering costs per square metre were £26 which is the 9th most expensive in the country.

- The NHS trust did not take advantage of the opportunity to benchmark or market test these soft Facilities Management (FM) services in 2018, and instead negotiated for additional investment in car parking and bus facilities in exchange for delaying soft FM market testing

until 2020. In addition, The NHS trust ran a soft FM cost improvement programme which delivered savings of £3.3 million last year across the whole contract in 2017/18. This equates to a reduction of 13.2%.

How effectively is the NHS trust managing its financial resources to deliver high quality, sustainable services for patients?

- The NHS trust is in deficit and financial performance has been variable over the previous few years.
- The NHS trust narrowly missed its financial plan in 2016/17, reporting a surplus of £0.9 million (or 0.1% of turnover) including Sustainability and Transformation Funding (STF) against a planned surplus of £1.1 million. Excluding STF, the NHS trust delivered a deficit of £15.9 million (or 2.6% of turnover) against its financial plan of a deficit of £16.1 million.
- The NHS trust did not meet its financial plan in 2017/18 delivering a deficit of £18.3 million (or 2.9% of turnover) including STF against a planned deficit including STF of £0.3 million.
- Excluding STF the NHS trust was £14.9 million off track against its plan to achieve a deficit of £14.9 million for 2017/18, this equating to deficit of £29.8 million or 4.7% of turnover. The NHS trust's financial and operational performance in 2017/18 was affected by the inability to deliver elective activity and significant increases in emergency demand over the winter period. Therefore there has been a significant deterioration in the underlying financial position over the year.
- Despite the deterioration in the financial position in 2017/18 the NHS trust maintained their forecast performance under NHS Improvement's Single Oversight Framework (SOF). which assesses the financial performance of all NHS trusts. The rating is driven by the deficit and liquidity position and a significant improvement in the cash position would be needed to demonstrate improvement under the framework.
- The NHS trust has a good track record of CIP delivery, achieving CIPs of £25.5 million in 2016/17, equivalent to 4.4% of total expenditure which was 100% of plan. For 2017/18 the NHS trust was part of the Financial Improvement Programme (FIP) and delivered a further £29.1 million of savings (or 4.7% of its expenditure).
- The NHS trust is reliant on non-recurrent CIPs to achieve its financial targets; in 2016/17 38% of CIPs were non-recurrent and in 2017/18 55% were non- recurrent. The non-recurrent savings in 2017/18 were higher than planned due to the time taken to realise savings from FIP. The non-recurrent element includes benefits relating to vacancies. This totalled £4.4 million in 2017/18. In some organisations this is classified as recurrent.
- The NHS trust has relatively low cash reserves but receives funding support from the Department of Health in order to be able to meet its financial obligations and pay its staff and suppliers. The NHS trust has strong cash management processes in place.
- The NHS trust has service line reporting in place across the NHS trust. This was used to determine CIP targets for services in 2016/17 and 2017/18. The NHS trust was part of the Costing Transformation Programme in 2017/18 and through this has improved the quality of costing and is also an early implementer of patient level costing.
- The NHS trust described the detailed costing work they had done in certain specialties and for specific conditions (e.g. Prostate Cancer) which has helped to understand the cost drivers of services. Further development of service line reporting is also planned to support ownership of clinical support services.
- The NHS trust was able to show that the quality of clinical coding has improved with the average income per spell or attendance increasing over 2017/18. This has been achieved

through increasing awareness and engagement with clinicians.

Outstanding practice

- The finance and HR services are delivered at a very competitive cost and this is supported by detailed benchmarking and market testing.
- The procurement function scored very highly in our 2016/17 procurement league table, reflecting a good procurement transformation plan, efficient procurement processes, good performance in some of the procurement price metrics and good involvement of clinicians.
- The use of virtual clinics has facilitated increased numbers of patient consultations, enabled patients to be seen closer to home at similar or lower cost than before.
- The NHS trust has almost halved expenditure against agency over the past two years moving the position from £41 million expenditure in 2015/16 to £22 million for 2017/18 and is below the agency ceiling.
- The NHS trust uses an e-rostering module which provides real-time information on patient acuity, dependency and Care Hours Per Patient Day. This approach supports flexible and economical use of skill mix, contributing to managing pay costs and supporting professional judgement in nurse allocation.

Areas for improvement

We have identified scope for improvement in the following areas:

- Increase the proportion of the CIP programme that is recurrent in nature.
- Carry out more sophisticated analysis and benchmarking of the individual soft FM services included in the PFI contract to inform whether these costs could be reduced by moving some services to a different supplier
- Increase the pace and scale of implementing team job planning linked to capacity / demand modelling and productivity.
- Address the gap in system working to support leaner processes in discharge planning
- Undertake pathway analysis to understand and address variation in pre-procedure non-elective bed days which are in the worst quartile nationally.
- Increase the uptake of best value biosimilar medicines for infliximab, etanercept and rituximab where it is clinically appropriate and Increase the uptake of generic imatinib where clinically appropriate.
- Reduce use of intravenous paracetamol by switching to other forms of paracetamol where

clinically appropriate.

- Consider accelerating the timescale for implementing a model of collaborative medical bank arrangements with neighbouring organisations.
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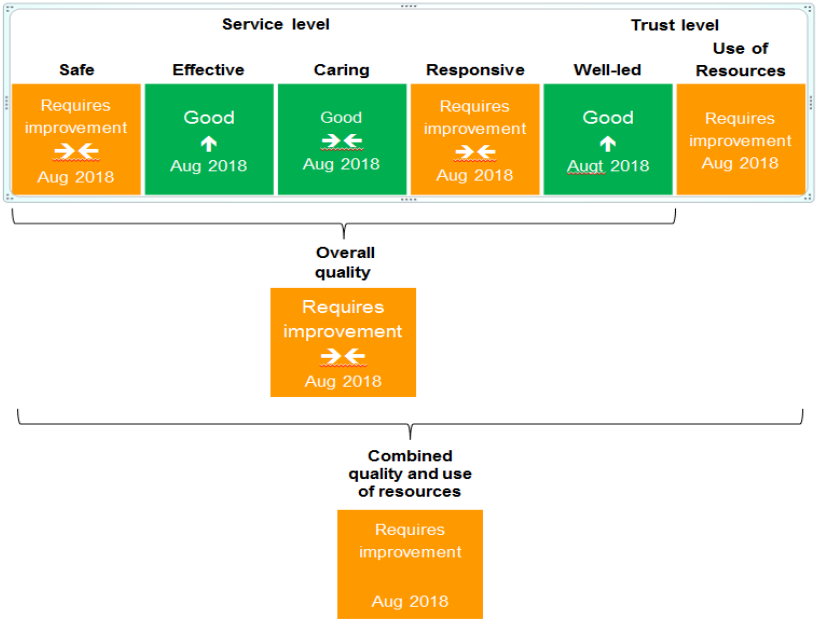
Combined ratings:



Use of Resources report glossary

Term	Definition
18-week referral to treatment target	According to this national target, over 92% of patients should wait no longer than 18 weeks from GP referral to treatment.
4-hour A&E target	According to this national target, over 95% of patients should spend four hours or less in A&E from arrival to transfer, admission or discharge.
Agency spend	Over reliance on agency staff can significantly increase costs without increasing productivity. Organisations should aim to reduce the proportion of their pay bill spent on agency staff.
Allied health professional (AHP)	The term 'allied health professional' encompasses practitioners from 12 diverse groups, including podiatrists, dietitians, osteopaths, physiotherapists, diagnostic radiographers, and speech and language therapists.
AHP cost per WAU	This is an AHP specific version of the pay cost per WAU metric. This allows NHS NHS trusts to query why their AHP pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Biosimilar medicine	A biosimilar medicine is a biological medicine which has been shown not to have any clinically meaningful differences from the originator medicine in terms of quality, safety and efficacy.
Cancer 62-day wait target	According to this national target, 85% of patients should begin their first definitive treatment for cancer within 62 days following an urgent GP referral for suspected cancer. The target is 90% for NHS cancer screening service referrals.
Capital service capacity	This metric assesses the degree to which the organisation's generated income covers its financing obligations.
Care hours per patient day (CHPPD)	CHPPD measures the combined number of hours of care provided to a patient over a 24 hour period by both nurses and healthcare support workers. It can be used to identify unwarranted variation in productivity between wards that have similar speciality, length of stay, layout and patient acuity and dependency.
Cost improvement programme (CIP)	CIPs are identified schemes to increase efficiency or reduce expenditure. These can include recurrent (year on year) and non-recurrent (one-off) savings. CIPs are integral to all NHS trusts' financial planning and require good, sustained performance to be achieved.
Control total	Control totals represent the minimum level of financial performance required for the year, against which NHS trust boards, governing bodies and chief executives of NHS trusts are held accountable.
Diagnostic 6-week wait target	According to this national target, at least 99% of patients should wait no longer than 6 weeks for a diagnostic procedure.
Did not attend	A high level of DNAs indicates a system that might be making unnecessary

(DNA) rate	outpatient appointments or failing to communicate clearly with patients. It also might mean the hospital has made appointments at inappropriate times, eg school closing hour. Patients might not be clear how to rearrange an appointment. Lowering this rate would help the NHS NHS trust save costs on unconfirmed appointments and increase system efficiency.
Distance from financial plan	This metric measures the variance between the NHS NHS trust's annual financial plan and its actual performance. NHS NHS trusts are expected to be on, or ahead, of financial plan, to ensure the sector achieves, or exceeds, its annual forecast. Being behind plan may be the result of poor financial management, poor financial planning or both.
Doctors cost per WAU	This is a doctor specific version of the pay cost per WAU metric. This allows NHS NHS trusts to query why their doctor pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Delayed transfers of care (DTOC)	A DTOC from acute or non-acute care occurs when a patient is ready to depart from such care is still occupying a bed. This happens for a number of reasons, such as awaiting completion of assessment, public funding, further non-acute NHS care, residential home placement or availability, or care package in own home, or due to patient or family choice.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation divided by total revenue. This is a measurement of an organisation's operating profitability as a percentage of its total revenue.
Emergency readmissions	This metric looks at the number of emergency readmissions within 30 days of the original procedure/stay, and the associated financial opportunity of reducing this number. The percentage of patients readmitted to hospital within 30 days of discharge can be an indicator of the quality of care received during the first admission and how appropriate the original decision made to discharge was.
Electronic staff record (ESR)	ESR is an electronic human resources and payroll database system used by the NHS to manage its staff.
Estates cost per square metre	This metric examines the overall cost-effectiveness of the NHS NHS trust's estates, looking at the cost per square metre. The aim is to reduce property costs relative to those paid by peers over time.
Finance cost per £100 million turnover	This metric shows the annual cost of the finance department for each £100 million of NHS NHS trust turnover. A low value is preferable to a high value but the quality and efficiency of the department's services should also be considered.
Getting It Right First Time (GIRFT) programme	GIRFT is a national programme designed to improve medical care within the NHS by reducing unwarranted variations.
Human Resources (HR) cost per £100 million turnover	This metric shows the annual cost of the NHS trust's HR department for each £100 million of NHS NHS trust turnover. A low value is preferable to a high value but the quality and efficiency of the department's services should also be considered.

Income and expenditure (I&E) margin	This metric measures the degree to which an organisation is operating at a surplus or deficit. Operating at a sustained deficit indicates that a provider may not be financially viable or sustainable.
Key line of enquiry (KLOE)	KLOEs are high-level questions around which the Use of Resources assessment framework is based and the lens through which NHS trust performance on Use of Resources should be seen.
Liquidity (days)	This metric measures the days of operating costs held in cash or cash equivalent forms. This reflects the provider's ability to pay staff and suppliers in the immediate term. Providers should maintain a positive number of days of liquidity.
Model Hospital	The Model Hospital is a digital tool designed to help NHS providers improve their productivity and efficiency. It gives NHS trusts information on key performance metrics, from board to ward, advises them on the most efficient allocation of resources and allows them to measure performance against one another using data, benchmarks and good practice to identify what good looks like.
Non-pay cost per WAU	This metric shows the non-staff element of NHS NHS trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS NHS trust spends less per standardised unit of activity than other NHS NHS trusts. This allows NHS NHS trusts to investigate why their non-pay spend is higher or lower than national peers.
Nurses cost per WAU	This is a nurse specific version of the pay cost per WAU metric. This allows NHS NHS trusts to query why their nurse pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Overall cost per test	The cost per test is the average cost of undertaking one pathology test across all disciplines, taking into account all pay and non-pay cost items. Low value is preferable to a high value but the mix of tests across disciplines and the specialist nature of work undertaken should be considered. This should be done by selecting the appropriate peer group ('Pathology') on the Model Hospital. Other metrics to consider are discipline level cost per test.
Pay cost per WAU	This metric shows the staff element of NHS trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS trust spends less on staff per standardised unit of activity than other NHS trusts. This allows NHS trusts to investigate why their pay is higher or lower than national peers.
Peer group	Peer group is defined by the NHS trust's size according to spend for benchmarking purposes.
Private Finance Initiative (PFI)	PFI is a procurement method which uses private sector investment in order to deliver infrastructure and/or services for the public sector.
Patient-level costs	Patient-level costs are calculated by tracing resources actually used by a patient and associated costs
Pre-procedure elective bed	This metric looks at the length of stay between admission and an elective procedure being carried out – the aim being to minimise it – and the associated

days	financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Pre-procedure non-elective bed days	This metric looks at the length of stay between admission and an emergency procedure being carried out – the aim being to minimise it – and the associated financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Procurement Process Efficiency and Price Performance Score	This metric provides an indication of the operational efficiency and price performance of the NHS NHS trust's procurement process. It provides a combined score of 5 individual metrics which assess both engagement with price benchmarking (the process element) and the prices secured for the goods purchased compared to other NHS NHS trusts (the performance element). A high score indicates that the procurement function of the NHS NHS trust is efficient and is performing well in securing the best prices.
Sickness absence	High levels of staff sickness absence can have a negative impact on organisational performance and productivity. Organisations should aim to reduce the number of days lost through sickness absence over time.
Single Oversight Framework (SOF)	The Single Oversight Framework (SOF) sets out how NHS Improvement oversees NHS NHS trusts and NHS foundation NHS NHS trusts, using a consistent approach. It helps NHS Improvement to determine the type and level of support that NHS NHS trusts need to meet the requirements in the Framework.
Service line reporting (SLR)	SLR brings together the income generated by services and the costs associated with providing that service to patients for each operational unit. Management of service lines enables NHS trusts to better understand the combined view of resources, costs and income, and hence profit and loss, by service line or speciality rather than at NHS trust or directorate level.
Supporting Professional Activities (SPA)	Activities that underpin direct clinical care, such as training, medical education, continuing professional development, formal teaching, audit, job planning, appraisal, research, clinical management and local clinical governance activities.
Sustainability and Transformation Fund (STF)	The Sustainability and Transformation Fund provides funding to support and incentivise the sustainable provision of efficient, effective and economic NHS services based on financial and operational performance.
Staff retention rate	This metric considers the stability of the workforce. Some turnover in an organisation is acceptable and healthy, but a high level can have a negative impact on organisational performance (eg through loss of capacity, skills and knowledge). In most circumstances organisations should seek to reduce the percentage of leavers over time.
Top Ten Medicines	Top Ten Medicines, linked with the Medicines Value Programme, sets NHS trusts specific monthly savings targets related to their choice of medicines. This includes the uptake of biosimilar medicines, the use of new generic medicines and choice of product for clinical reasons. These metrics report NHS NHS trusts' % achievement against these targets. NHS NHS trusts can assess their success in pursuing these savings (relative to national peers).

Weighted activity unit (WAU)	The weighted activity unit is a measure of activity where one WAU is a unit of hospital activity equivalent to an average elective inpatient stay.