East Kent Hospitals University NHS Foundation Trust

Use of Resources assessment report

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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	**Do not include in report**
Are services safe?	**Do not include in report**
Are services effective?	**Do not include in report**
Are services caring?	**Do not include in report**
Are services responsive?	**Do not include in report**
Are services well-led?	**Do not include in report**

Are resources used productively?	**Good**

Combined rating for quality and use of resources	**Do not include in report**

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

There is no combined rating for Quality and Use of Resources following this assessment. This is because we did not undertake a Well Led assessment inspection as our inspections were paused due to the COVID-19 pandemic.

NHS Trust

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15 April to 06 May 2020

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This report describes NHS Improvement's assessment of how effectively this trust uses its resources. It is based on a combination of data on the 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 trust's leadership team.

Proposed rating for this trust?	**Good**

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 trust's performance against a set of initial metrics alongside local intelligence from NHS Improvement's day-to-day interactions with the trust, and the 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 trust on 16 March 2020 and met the trust's executive team (including the chief executive), a non-executive director (in this case, the chair) and relevant senior management responsible for the areas under this assessment's KLOEs.

Findings Good

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

We rated Use of Resources as good. At the time of the assessment, the trust was in special measures for finance and had a past record of delivering financial deficits. However, during the assessment we found that the trust had used its resources productively during the prior year, with evidence of innovations to deliver clinical services and to deploy its staff efficiently and effectively. Overall the trust's corporate services were providing value for money and the trust was improving its clinical support services. The trust's financial position had stabilised. The trust had a good understanding of its cost base and the drivers of its deficit. There were, however, areas the trust could progress on, including its financial position, operational performance, staff survey results, quality improvement roll out and the backlog maintenance and

infrastructure risk of its estates. The trust also needed to ensure the progress it had made were sustainable.

- This was the first time we carried out a use of resources assessment at the trust.
- We visited the trust as COVID-19 pandemic started to significantly impact the NHS and as a result, our assessment did not take account of any actual or potential consequences of the pandemic on the trust's operations and finance.
- The trust had been placed in special measures for finance in February 2017 and had since worked to improve the robustness of its financial systems and controls and delivered material efficiency savings. At the time of the assessment, the trust's overall cost per weighted activity unit (WAU) was £3,475 (for 2018/19) and benchmarked in the second-best quartile nationally for 2018/19 and 2017/18.
- The trust demonstrated a picture of overall productive clinical services. The trust benchmarked favourably on several key metrics, particularly on pre-procedure bed days and patients' attendance at outpatient appointments. The trust was well engaged with the national 'getting it right first time' programme. Its length of stay for elective patients was good and the trust had reduced its delayed transfers of care. The trust was one of the best performers nationally on the diagnostic 6-week standard. It was also well engaged with its local health partners, working collaboratively across clinical services.
- However, the trust was not meeting three of the four operational standards at the time of our assessment although it had delivered some improvements in the efficient delivery of its services. The trust needed to progress with fully understanding the drivers of its high emergency re-admission rates, reduce emergency length of stay and increase theatre productivity.
- The trust's overall pay cost per WAU benchmarked well in 2017/18 as well as clinical staff cost per WAU in 2018/19 indicating an efficient workforce. The trust deployed staff effectively with carefully planned and flexed nurse staffing numbers at ward level with frequent reviews of patient acuity. The trust had invested in advanced practice roles and apprenticeships.
- However, the trust continued to experience vacancies and high agency staff costs despite its efforts on recruiting. The trust had improved its retention rate and continued to progress with its staff survey results, although further progress was required with both as well as with staff sickness rate and the trust's staff survey benchmarked in the worst quartile nationally. The trust had plans to develop a quality improvement programme across the organisation and this needed to progress at pace. The trust's medical job planning level was also low.
- The costs of the clinical support services were high for 2018/19 although the trust had taken actions to improve its services which needed to cascade through to the metrics. On pathology, the trust was part of a regional pathology network which was progressing towards the consolidation of its services although progress still needed to be made to meet the national target operating model. The trust had made progress in transforming its workforce which would help decrease the cost of the imaging service. On pharmacy, the high cost of medicines reflected the high proportion of chemotherapy drugs used. The trust had developed an acute services transformation plan which would help address the low medicine reconciliation level and 7-day service for pharmacy.
- The trust was using technology effectively to improve its services and had introduced several innovative apps and systems such as eWhiteboards and eObs.
- The trust delivered its corporate services efficiently with finance, human resources (HR) and information management and technology (IM&T) functions benchmarking well nationally. The trust's procurement function was operating through a wholly owned subsidiary and although its cost was high, this reflected the wide scope of the function and it benchmarked well in the procurement league table from NHS England and NHS Improvement.

- The cost of running the estates benchmarked well against national comparators. However, the trust had a high level of backlog maintenance and critical infrastructure risk. The trust was however going through an acute services reconfiguration which would influence future major capital investment across the estate.
- The trust had delivered its plan for 2019/20 although it had not accepted its control total. It had delivered material cost improvement plans over the past two years and its financial position had stabilised. The trust had a developed service line reporting and patient level costing although the it acknowledged it could do more to use the information to drive change. The trust still needed to address its financial position which resulted in the requirement for ongoing cash support from the Department of Health and Social Care although it had a good understanding of the drivers of its deficit.

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

The trust presented a good picture of productive clinical services. It benchmarked favourably in several key metrics and although it did not meet three of the four operational standards, its performance in diagnostics was above the national median. The trust had good plans in the place to improve accident and emergency and theatre productivity although there were a few areas (such as the number of procedures carried as day cases) where the trust could improve and the trust needed to ensure these improvements were sustainable.

- At the time of the assessment, the trust's achievement against the constitutional standards was as follows:
    - 74.04% for 4-hour accident and emergency (A&E) (February 2020);
    - 81.18% for 18-weeks referral to treatment (RTT) (January 2020);
    - 99.71% for diagnostics 6-week (January 2020);
    - 75.57% for cancer 62-day (January 2020).
- The trust had been challenged to meet the A&E standard over the winter 2019, with performance better at the Ashford site in comparison to Margate. The trust reported that overall attendances had increased by 7%, particularly in the frail elderly group, and the sites continued to be challenged by the available capacity despite increases in observation areas. The trust was waiting for agreement of a new clinical strategy which would increase the trust's footprint. Both sites had multidisciplinary front door teams, one aim of which was to assess patients and where appropriate make direct referral to care home placements. This contributed positively to the patient experience and the high number of 0 to 1-day length of stay. Both sites had implemented rapid assessment units, led by senior staff including frailty consultants, and were expanding the competencies of nurses with advanced practitioner roles. In recognition that not all patients needed to access level 1 services the trust was establishing urgent treatment centres in 4 of the trust's sites.
- The trust was challenged to meet the ambulance handover standard and had designed specific rapid assessment handover areas. The trust acknowledged that they needed to further improve this and were making changes to the estate where possible to increase the capacity to receive ambulances.
- The trust was not meeting the referral to treatment standard at the time of the assessment (February 2020 data). This was 81.18% compared to the national achievement of 83.10%. Some progress had been made but this was impacted by data quality issues and changes to national pathways and treatment standards (meaning some patients now required more appointments or longer treatments), and this had increased demand. At the time of the assessment the trust had 2 patients waiting over 52 weeks, both were complex patients who required care from several consultants.

- The trust's performance against the diagnostics 6-week standard was excellent at 99.71% and was is in the best performing quartile nationally.
- The trust's performance against the cancer 62-day standard had improved and performance was good at 85.21%, in quartile 2 nationally at December 2019. The trust described that improvement was driven by changes in executive leadership, weekly scrutiny of patients waiting, early investment when issues were identified, establishment of cancer care as a specific Care Group and the building of relationships with tertiary cancer centres. Moving forward the trust planned to focus on the quality of patient referrals improving the patient experience. However, we noted that the trust's performance had deteriorated in January 2020 to 75.57% although this was similar to the national performance.
- The trust was one of the best performing trusts for pre-procedure non-elective bed days, achieving 0.33 days (quarter 3 2019/20) compared to a national 0.66 days. Use of pre-procedure elective bed days was also good and in the second-best quartile nationally (0.8 days compared to national 0.11 days). Success had been delivered through implementation of a pre-procedure assessment and a central admission process. The trust was effectively using appointments and had a good 'did not attend' rate of 6.51% (quarter 3 2019/20) compared to a national 7.11%, and they reported the positive impact of sending text reminders to patients.
- The number of procedures performed as day cases was 76% (for quarter 2 2019/20) and was just below the national median of 77%. Some improvement was evident through establishing longer opening hours of the day case ward, and the building of large ambulatory care units on both sites. The trust described the day case rate as a focus for improvement and described its ambition to further improve efficiency by converting more day case interventions to outpatient procedures.
- The number of patients who had to stay overnight following a day case procedure was in the best quartile nationally at 9% compared to 11% nationally (for quarter 2 2019/20). The trust had a very good performance against other national trusts for emergency patients' length of stay of 1 day or less. This was the result of investment in emergency care, with a geriatrician led multi-disciplinary frailty team. The overall average length of stay for elective patients compared well against the national median but for emergency cases the average length of stay was slightly longer. Improvement was evident with reducing delayed transfers of care (DTOC) with the trust reporting 97 in April 2019 and 53 in February 2020 although this needed to be sustained. The trust described carrying a regular central review of every long stay patient with most of these patients waiting for complex care packages. The trust had worked with system partners to strategically review the commissioning requirements for the geographical area as community capacity had not been reviewed for many years to reflect current population needs. The trust recognised that there was an internal opportunity for improvement through clinician planning including prescriptions to take home.
- The emergency readmission rate (at 30 days) was above the national average at 8.86% compared to a national median of 7.94% in quarter 3 2019/20, benchmarking in the second highest (worst) quartile nationally. The trust explained that this was impacted by high numbers of urology patients who returned for follow up care but were classified as readmissions, and they were planning an audit to fully understand this.
- The trust had engaged well with the 'getting it right first time' (GIRFT) national programme and had undertaken reviews in 24 clinical areas, with renal services identified as an exemplar to other trusts.
- Theatre productivity was an area for improvement with touch time utilisation just below median at 75% compared to a national figure of 77%. Analysis had demonstrated that areas to improve were theatre start times and time between patients. The trust was keen to better understand this and was introducing a bar code system so patients could be tracked entering and leaving clinical areas, with the expectation that this would allow them to understand the areas within the patient journey for improvement.

- The trust recognised the importance of system working in order to improve 'out of hospital care' and the trust chair was the chair of the integrated care partnership. The trust described this as very positive and highlighted the collaboration between system partners and were establishing good relationships with primary and community care and mental health services. They reported these were more developed in the east of the county where the primary care home model was in place with established teams of health and social care working together. The Margate site also had an acute response team that 'pulled' patients out of the trust. This had been positively evaluated and was being rolled out across sites. The trust had focused on a significant outpatient transformation programme, which comprised of several workstreams including patient experience, digital and productivity. They had made exceptional progress in reducing the ophthalmology waiting list from 10,589 in December 2017 to 1,134 in March 2020.
- The trust recognised that staff engagement would be key to improving the quality of care and had started to implement a formal trust wide quality improvement programme. With external guidance they had undertaken a trust assessment and had worked with staff to establish initial 'true north' (i.e. guiding strategic) objectives.

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

The trust's overall pay cost per WAU benchmarked well in 2017/18 as well as clinical staff cost per WAU in 2018/19 indicating an efficient workforce. The trust deployed staff effectively and had invested in advanced practice roles and apprenticeships although it continued to experience vacancies and high agency staff costs. The trust had improved its retention rate and continued to progress with its staff survey results which remained in the worst quartile nationally, although further progress was required with both as well as with the staff sickness rate.

- The trust's overall pay cost per WAU for 2017/18 was £1,761 and compared positively to national median of £1,896. The trust had embedded human resources (HR) business partners in each care group which meant there was improved access to information, advice and support in how staff were employed and managed.
- Substantive nursing costs in 2017/18 were efficient at £646 compared to national of £710. The total cost of nursing staff per WAU in 2018/19, at £858, was also better than the national median of £892 and benchmarked in the second lowest (best) quartile nationally. The trust had placed two matrons in the HR function's recruitment team to ensure the contribution of nursing knowledge was recognised. The trust had an established and successful international recruitment programme which had strong focus on pastoral care and the facilitation of cultural groups. They carefully planned staffing numbers at ward level with frequent reviews of patient acuity, and because of this they were able to flex staff to ensure they were placed where most needed, and this had reduced the requirement for agency staff. Safe staffing establishment reviews were undertaken 6-monthly with all wards using Healthroster which helped with appropriate planning of annual leave. Specialist nurses were an outlier in terms of cost per WAU (£74 in 2018/19 compared to £39 national median) and the trust needed to understand this more. The allied health professional (AHP) cost per WAU benchmarked well in 2017/18 as well as in 2018/19, with several staff undertaking advanced roles. AHP services were provided over 6-days per week with plans to increase to 7.
- Total medical staff cost per WAU (including temporary staff) in 2018/19 was £692 compared to a national average of £763 placing the trust in the second-best quartile nationally. The most challenged areas with vacancies were emergency care and medicine, reflecting the national picture for staff shortages. Further work was underway to increase the number of medical staff with a job plan which stood at 60%, and targeted work was underway to address this with specific clinicians.

- Agency costs in 2017/18 were an average of £151 against a national medium of £107. There was no corresponding 2018/19 cost per WAU due to a change of methodology nationally, however, as at February 2020, agency costs represented 7.18% of the trust's pay costs which benchmarked in the worst quartile nationally (with the national median at 3.97%). The trust's focus on staffing and recruitment was intensive and the trust had worked collaboratively with the sustainability and transformation partnership (STP) on implementing a common agency framework. The conversion of staff from agency to bank had been successful. For example, the trust had reduced the cost of radiology agency staff from more than £250,000 in May 2018 to less than £1,000 in February 2020. During the assessment, the trust described the ongoing staffing challenges as significant. They were part of an NHS England and NHS Improvement collaborative for emergency care staffing and a member of the STP workforce work stream. Agency costs for medical staff was high at 15%, although the trust reported it was making progress in reducing this cost.
- The trust had a range of opportunities for career development including several apprenticeship options, and they used the apprenticeship levy effectively. They had recently won the Public Sector Organisation of the year in the South East Regional Award for Apprenticeships 2019, and additionally, one of the trust's apprentices had won the Apprentice of The Year award. The trust demonstrated that they were skill mixing the workforce, sought opportunities for creating advanced roles and using staff effectively. The trust had an established leadership programme in place with programmes for staff at all levels of the organisation.
- Staff retention was worse than the national median at 84.5% (12 months to January 2020) compared to the national median of 86.3% although, this had shown gradual improvement from June 2019 when performance was 81.6%. Internal analysis had led to a number of initiatives including the chief executive led 'respect cafes' where staff discussed with executive directors their concerns such as improvement to the induction day, increased training opportunities for staff including resilience training, and focus on staff development with planning of a formal career structure. The staff group with the higher turnover rate was health care assistants who were leaving in their first year of employment, and the trust had implemented an on-boarding programme which aimed to better support and nurture staff in their first months with the trust. The trust had a comprehensive workforce plan.
- The trust had a staff sickness rate at 4.71% (12 months to January 2020) against a national median of 4.64%, placing the trust in the second worst quartile nationally. The trust acknowledged this required improvement and had implemented several health and wellbeing schemes including an employee benefit platform, offering a wide range of staff benefits. The trust provided access to an external counselling service and domestic violence support.
- The 2019 annual staff survey results continued to be in the worst quartile nationally and scores were below the national average in most categories although there was significant improvement in 2019 with the trust being the 3rd most improved trust in England. The data had been disaggregated and the trust was taking action to address concerns at service level to encourage ownership of issues and allow work to target specific concerns and issues.

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

The cost of pathology services for 2018/19 was high, however, the trust had entered into a managed equipment service contract for 2019/20 that had enabled it to reduce costs. The cost of the imaging service benchmarked high against other trusts for 2018/19 due to a high level of agency staff and high outsourcing costs that, at the time of the assessment, had been reduced. The trust had a high medicine cost per WAU, and the trust had done a considerable amount of work to improve the speed of uptake of biosimilars. The trust was using technology to improve access and drive efficiency.

- The overall cost per pathology test was high with an overall cost per test of £2.11 against a national median of £1.67 in 2018/19 which placed the trust in the second worst quartile nationally. However, the trust had entered into a managed equipment service contract for 2019/20 that had enabled it to reduce its costs. It had done extensive demand management work with the local health system and the head of pathology services had led reviews of clinical pathways that had enabled the trust to reduce 'send away tests' and had allowed the total number of tests per capita to remain low and in the best quartile nationally at 17.8 compared to the national median of 24.2.
- The trust was a leading member of the Kent Pathology Services South 8 pathology network that was progressing towards consolidating its services. The network had produced a strategic outline case for consolidation that was being agreed at the time of the assessment. In advance of this, the network had started work on the collaborative procurement of a new fully integrated laboratory information management system (LIMS) across the network that alongside quality benefits was expected to produce additional efficiencies. The trust, however, still needed to progress much further with its pathology network partners in order to meet, by April 2021, the desired pathology network model as stated in the NHS long term plan.
- The trust's imaging services benchmarked in the highest (worst) quartile for cost per report (£76.54 compared to a national median of £56.29) for 2018/19 due to a high level of agency staff and outsourcing used during that year. Agency usage for radiologists was particularly high in 2018/19 with 6.4% in March 2019, however, the trust had made progress in transforming its workforce and used skill mix effectively to enable agency to be reduced to nil in 2019/20. The trust had setup home reporting for radiologists and had reduced its reliance on outsourcing for its out of hours work. These improvements were expected to reduce the cost per test for 2019/20.
- The trust had improved its 'did not attend' (DNA) rates for both CT and MRI scans between 2017/18 and 2018/19 from the second highest (worst) quartile to the second lowest (best) quartile, from 3.6% and 5.0% to 2.3% and 3.8% respectively. The trust had focussed on these areas and seen the benefits of the actions it had taken. However, DNA rates for ultrasound and DEXA still remained high. The trust was reviewing the pathways and the protocols in these areas to ensure rates were improved.
- The trust's pharmacy and medicines cost per WAU was high at £412 compared with peers of £371 (for the 12 months to October 2019) and placing it in the second highest (worst) quartile nationally against a national median of £409. Similarly, the trust's drugs cost per WAU for the same period was high at £295 against a peer median of £162 and national median of £195. The trust's high cost was due to a high proportion of high cost chemotherapy drugs used by the trust to deliver its services. The trust's savings on the 'top ten medicines' benchmarked well against other trusts at 111% for 2017/18 and the trust had delivered a further £4.05 million savings in 2018/19. The trust had set up a medicines value team that had worked closely with the trust's care groups to deliver savings.
- The trust's medicines reconciliation completion position was the lowest in England at 22% for 2018/19 compared to a national median of 73% for 2018/19 with the trust having low resources at the front end which led it to do further work in the wards to ensure any risks were addressed. The trust also had a low level of compliance with 7-day services. The trust had developed an acute services transformation plan with a business case having been prepared and which would address both the medicines reconciliation and 7-day services issues. At the time of the assessment, the trust was in the process of implementing an electronic prescribing and medicines administration system that was expected to be fully implemented in the autumn 2020.
- The trust was using technology to improve access to hospital services and as part of its outpatient transformation programme had introduced non face to face appointments where appropriate. The trust had ensured that all wards had eWhiteboards and eObs to improve

productivity and quality. The trust was also leading with the development of apps to help patients and staff, including a wayfinding app for patients that had improved the patient experience and a maternity app (MOMA) to help expectant mothers and their families through pregnancy. The trust was also supporting the roll out of laptops across the local health system.

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

The trust delivered its corporate services efficiently and the procurement function was ranked 58th out of 133 trusts in the procurement league table. The cost of the day-to-day running of the estate was achieved at a low overall cost. However, there was an extremely high level of backlog maintenance and critical infrastructure risk that needed to be addressed.

- For 2018/19 the cost of running the finance, human resources (HR) and information management and technology (IM&T) functions (respectively £0.547 million, £0.730 million and £2.142 million per £100 million turnover) were all lower than the national medians of £0.653 million, £0.910 million and £2.521 million per £100 million turnover respectively.
- Within the finance function, the trust shared its transactional services and financial systems with Kent Community NHS Trust. The trust was leading on a back-office review across the sustainability and transformation partnership (STP) through which further consolidation of the finance functions across the STP would be considered. The trust outsourced its accounts payable and receivable functions which was deemed to be the most effective way to deliver these services. The cost of the management accounts function was low at £0.170 million per £100 million turnover compared to the national median of £0.260 million per £100 million turnover. This was an area that the trust may have wanted to invest in to support the financial improvement service provided to its clinical staff. However, initial feedback from the clinical staff of the support received from finance was positive.
- The trust had invested in its HR function with costs increasing from £0.662 million per £100 million turnover in 2017/18 to £0.731 million per £100 million turnover. The trust had invested in its recruitment function with costs increasing to 0.209 million per £100 million turnover compared to £0.109 million per £100 million turnover as the national median. The trust had improved the calibre of candidates it was able to recruit and had also halved the time taken to hire staff. The trust also hosted occupational health services for other providers.
- The trust had invested in its IM&T function with costs for 2018/19 increasing from £1.890 million per £100 million turnover to £2.142 million per £100 million turnover placing the trust in the second lowest (best) quartile nationally. Paper medical records costs were high for 2018/19, however, at the time of the assessment the trust was in the process of rolling out its new electronic patient record system.
- The trust's procurement function was operated through a wholly owned subsidiary. The cost of the procurement function benchmarked in the highest (worst) quartile at £0.365 million per £100 million turnover against the national median of £0.208 million per £100 million turnover for 2018/19. However, the scope of the procurement function's influence was far greater than that of other trusts. The procurement function influenced some areas that normally sat within estates functions in other trusts and actively managed contracts and equipment registers. For quarter 2 2019/20 the trust ranked 58 (out of 133) in NHS England and NHS Improvement's procurement league table. The trust had put good procedures in place to follow on any GIRFT recommendations relating to procurement and the GIRFT review had also commended the trust on the work done to standardise orthopaedic products and the price being achieved. The trust had undertaken a self-assessment that showed it complied with the level 1 standards of procurement, however, had yet to agree a date for the review with NHS England and NHS Improvement.

- The overall cost of running the estate benchmarked well against national comparators - £354 per square meter against a national median of £377 putting it in the second lowest (best) quartile for 2018/19. Water costs benchmarked high against other providers although the trust had had a recent survey that showed very little leakages. The trust had its own laundry service that used a lot of water as well as increased procedures above national guidelines on cleaning and flushing following previous infection control issues. Portering costs were high at £22 per square meter compared to £18 for the national median. The trust had developed a real time app to call porters from anywhere in the hospital and was also considering other ways of improving productivity in this area.
- The trust had a high level of backlog maintenance at £403 per square meter and critical infrastructure risk at £249 per square meter compared to a national median of £291 and £104 placing it in the highest (worst) quartile nationally. A Six Facet survey was under way that was likely to increase these values. The trust was going through an acute services reconfiguration with the pre-consultation business case that would influence major capital investment across the estate. The trust had robust procedures in place to minimise the risk from the high level of backlog maintenance and critical infrastructure risk. The trust had a highly skilled and well-regarded estates team who was also providing support to other local providers at a strategic level.

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

At the time of the assessment, the trust was in special measures for finance and although it had not agreed its control total for 2019/20, it had delivered its plan. During our assessment, we found that the trust had progressed, and its financial position had stabilised, supported by the delivery of material cost improvements in 2018/19 and 2019/20. The trust had accumulated a significant debt due to its ongoing financial deficit and need for cash support, but this was now planned to be converted to public dividend capital which did not need to be repaid and attracted a lower level of financial costs. The trust had service line reporting and patient level costing in place and provided evidence of improvements made from these although it acknowledged it could do more to drive change from the use of this data. The trust actively pursued commercial ventures which benefited the trust and its patients.

- The trust had entered special measures for finance in February 2017 and remained in special measures at the time of the assessment.
- In 2018/19, the trust did not accept its control total and delivered a £42.1 million deficit against an original plan of a £29.8 million deficit (6.9% of turnover) which was a deterioration on the prior year.
- For 2019/20, the trust planned for a £36.6 million deficit which was £16.0 million worse that its control total but an improvement on the 2018/19 position. The trust was unable to accept its control total as a result of £12 million cost pressures incurred in 2018/19 but not included in the control total calculation; the requirement to establish a contingency to cover for several operational and financial risks; and the need to set its cost improvement to a realistic limit of 6% of influenceable expenditures. The trust confirmed as we were finalising our report that it had achieved its plan for 2019/20 and reported a deficit of £36.6 million representing 5.6% of turnover.
- Taking account of such items as non-recurrent commissioner funding and technical adjustments, the trust's underlying deficit was closer to £40 million for 2019/20, demonstrating a stabilisation of the trust's financial position. Since being placed in special measures for finance, the trust had progressed with tightening its controls over costs and divisions' recovery plans and had more robust systems and governance to develop, deliver and assure the delivery of its cost improvement programme.
- Over the last two years, the trust had delivered its cost improvement targets. In 2018/19, the trust had delivered £33.6 million savings (4.9% of expenditure, 101% of its plan) and

£28.8 million in 2019/20 (4.0% of its expenditure, 96% of its plan) with £22.3 million delivered recurrently, equivalent to 3.1% of its expenditure. The trust's savings had been achieved through a mix of transactional schemes identified by divisions and more transformational projects such as theatre productivity, agency spend reduction and other savings on workforce, medicines and procurement.

- A recent analysis had identified that the trust's deficit was due to operational as well as strategic drivers in about equal measures, such as its geographical isolation, the impact of market forces factor, agency spend, procurement and operational inefficiency. The trust was aware of these drivers and where it needed to focus to continue to reduce its deficit (e.g. agency spend and imaging outsourcing costs). The trust was however operating in a local health system which was financially challenged although showing a progressive improvement. The trust had an aligned incentive contract with its commissioners for 2019/20. The trust reported that this had brought financial benefits as well as freeing up staff time from dealing with commissioners' challenges which could be reinvested in more value-added work. The contract also enabled the management of risks and financial positions across the local health system.
- For 2019/20, the trust had a debt service cover rating and a liquidity rating of 4 (worst) reflecting a high level of debt and a low cash position. The trust had historically relied on revenue support funding from the Department of Health and Social Care (DHSC), as a result of its ongoing deficit position and which resulted in a £142 million debt. However, following a decision at national level, the trust's debt with the DHSC was being converted into public dividend capital going forward (non-repayable). This would result in a decrease in financial costs.
- During 2019/20, the trust had received £36.6 million in cash revenue support (less than in 2018/19). The trust managed its cash position tightly with daily cash reviews and a rolling 13 weeks cash forecast in place. It had improved its performance against the best payment practice code from 54.4% in 2017/18 to 78.2% of invoice value paid within 30 days for 2019/20, although this remained below the standard.
- The cash and debt position limited the ability to fund capital expenditure projects and the trust prioritised its capital spend through executive reviews to align them with its clinical priorities. The trust had also secured emergency funding during 2019/20 to improve the quality of its services and reduce the risk of its aging estate and backlog (e.g. elective orthopaedic centre, fire safety, imaging equipment, and winter pressures).
- The trust had service line reporting in place. Each care group received a quarterly report at specialty level providing details on income, costs and contributions as well as a portfolio matrix showing the potential strategy for each service. The information supported the work with clinicians to identify how the financial position of services could be improved and the trust reported a good engagement from clinicians. There was, however, no systematic review of costing details at consultant level. The trust reported using patient level costing (PLICS) to identify clinical variations and drive improvements in services. For example, the trust had worked on a project led by clinicians with national bodies using the national PLICS data set to identify clinical variations in the spinal injection service. The success of this work, shared externally, had prompted national bodies to support STP wide work on hernia pathways.
- The trust had a good commercial set up and operated two profitable subsidiaries which were actively managed and developed for the benefit of NHS patients and the community: Spencer Private Hospitals provided private patient services and 2gether Support Solutions provided a range of back office services including soft and hard FM and procurement services. In addition, the trust was the largest shareholder in Beautiful Information Limited which offered real-time information to other NHS trusts to help them plan clinical services to meet fluctuation of patient flow.

- The trust's spend on consultancy services was £0.9 million in 2018/19 and was expected to be £1.4 million in 2019/20. The trust had relied on external support for several issues including the development of its reconfiguration and stroke services as well as for the development of its quality improvement programme from 2019/20 onwards.

Outstanding practice

During our assessment we identified several outstanding practice areas. Below are some of the key or most innovative ones:

- The trust has one of the lowest pre-admission bed days non-elective patients which has been achieved through the implementation of a pre-procedure assessment and central admission process.
- The trust has used the apprenticeship levy effectively and proposes various apprenticeship options. The trust has recently won Public Sector Organisation of the Year in the South East Regional Award for Apprenticeships.
- The trust had reduced its use of agency staff on radiology to nil in 2019/20 through transforming its workforce and using skill mix effectively.
- The trust had developed a wayfinding app for patients which has improved patient experience and a real time app to call for porters from anywhere in the hospital.

Areas for improvement

The following have been identified as key areas where the trust has opportunities for further improvement:

- The trust's performance against the A&E target was low over the winter achieving an average 74.56% for the 4-hour standard (January 20). The trust must continue to drive improvements towards achieving the target on a more consistent basis.
- The trust must progress on resolving the issues highlighted by its latest staff survey scores and develop engagement with staff as well as improve its retention rate and reduce its sickness rate.
- The trust must progress at pace with the implementation of its quality improvement programme to ensure staff are engaged on its quality improvement agenda.
- The trust must continue to deliver improvement to its financial position with particular regards to addressing the drivers of its deficit including through work within its local partnership.
- The trust needs to progress with increasing its theatre productivity, particularly theatre start times and time between patients.
- The trust's spend on agency staff was 7.18% as at February 2020 which is higher than the national median of 3.97%. The trust needs to continue to drive a reduction of its agency spend.
- Together with its pathology network partners, the trust needs to progress at pace to meet, by April 2021, the pathology network model prescribed in the NHS long term plan.
- The trust had a low cost for its management account function. The trust should consider whether improvement is required to support the financial improvement service provided to its clinical staff.
- The trust had service level and patient level costing in place which were used by clinicians and reported to its board. However, it recognised it could do more to use the information to drive changes.

Ratings tables

Key to tables					
Ratings	**Inadequate**	**Requires improvement**	**Good**	**Outstanding**	
Rating change since last inspection	Same	Up one rating	Up two ratings	Down one rating	Down two ratings
Symbol *	➔🡐	🡅	🡅🡅	🡇	🡇🡇
Month Year = date key question inspected					

***** Where there is no symbol showing how a rating has changed, it means either that:

- we have not inspected this aspect of the service before or
- we have not inspected it this time or
- changes to how we inspect make comparisons with a previous inspection unreliable.

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 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 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 trust boards, governing bodies and chief executives of 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 (DNA) rate	A high level of DNAs indicates a system that might be making unnecessary 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 trust save costs on unconfirmed appointments and increase system efficiency.
Distance from financial plan	This metric measures the variance between the trust's annual financial plan and its actual performance. 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 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 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 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 trust's HR department for each £100 million of 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 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 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 trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the trust spends less per standardised unit of activity than other trusts. This allows 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 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 trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the trust spends less on staff per standardised unit of activity than other trusts. This allows trusts to investigate why their pay is higher or lower than national peers.
Peer group	Peer group is defined by the 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 days	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 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 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 trusts (the performance element). A high score indicates that the procurement function of the 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.
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 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 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.
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 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 trusts' % achievement against these targets. 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.