Harrogate and District NHS Foundation Trust

Use of Resources assessment report

Address
Harrogate District Hospital, Lancaster Park Rd,
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Date of publication: 14th March 2019

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	**Good** ●
Are services safe?	**Requires improvement** ●
Are services effective?	**Good** ●
Are services caring?	**Outstanding** ☆
Are services responsive?	**Good** ●
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.

Are resources used productively?	**Good** ●

Combined rating for quality and use of resources	**Good** ●

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 good because:

- We rated effective, responsive and well led as good, safe as requires improvement and caring as outstanding.
- We took into account the current ratings of the six core services across one acute location and three community services not inspected at this time. Hence, five acute services across the trust are rated overall as good and three are rated as outstanding; and three community services are rated good and two are rated as outstanding.
- The overall rating for the trust's acute location remained the same. We rated Harrogate District Hospital as good. Community services improved. We rated community services as outstanding.

- The trust was rated Good for Use of Resources. Full details of the assessment can be found on the following pages.

NHS Improvement

Harrogate and District NHS Foundation Trust

Use of Resources assessment report

Address
Harrogate District Hospital, Lancaster Park Rd,
Harrogate, North Yorkshire, HG2 7SX
Tel: 01423 885959
www.hdft.nhs.uk

Date of site visit:
30 October 2018

Date of publication:
<xx.MONTH.201x>

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** ●

<Copy ratings dots from: Outstanding ☆ Good ● Requires Improvement ● Inadequate ● >

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 30 October 2018 and met the trust's executive team (including the chief executive), a non-executive director (in this case, the chair and deputy Chair) and relevant senior management responsible for the areas under this assessment's KLOEs.

Findings

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

- We rated Use of Resources as Good because the trust is achieving good use of its resources to enable it to provide high quality, efficient and sustainable care for patients.
- For 2016/17, the trust had an overall cost per weighted unit of activity (WAU) of £3,591 compared with a national median of £3,484. This indicates the trust is less productive at delivering services than other trusts by showing that, on average, the trust spends more to deliver the same number of services. However, the trust provided evidence that a significant proportion of this is due to the inclusion of community services related pay costs.
- The trusts non-pay cost per WAU, at £1,007 is below the national median. This means the trust spends less on other goods and services per WAU than most other trusts nationally. However, the trust pay cost per WAU, at £2,584, is above the national median of £2,157, placing it in the highest (worst) quartile nationally. This means the trust spends more on pay per WAU than most other trusts nationally. However, the trust provided evidence that a large proportion of this is due to the inclusion of community services related pay costs. When these costs are removed the trust benchmarks in the second worst quartile nationally and much nearer near to the national peer group (trust size/spend) average for pay costs per WAU.
- Individual areas where the trust's productivity compared particularly well included overall cost per test, partly resulting from experienced staff working to the maximum level of skill and responsibility allowed by their professional body and so driving high levels of productivity, and medicines cost per WAU. The trust is also making good progress in delivering on nationally identified savings opportunities as part of the Top Ten Medicines programme.
- The trust uses Quality Improvement methodologies to identify areas of improvement and has successfully delivered increased efficiencies/productivity by improving pre-assessment screening, theatre utilisation and clinic utilisation. The trust has also worked with system partners to shorten discharge pathways and implement a 'discharge to assess' model which has resulted in reduced delayed transfer of care rates and shorter lengths of stay in hospital.
- The trust has implemented a number of new roles to supplement the traditional skill mix, including apprentice and practitioner roles. The trust has also reviewed roles within its community children's services, driving efficiencies by reducing duplication and using technology to support mobile working.
- The trust has good workforce retention rates and has implemented a number of schemes to further improve them, including investing in workforce development and training and reviewing its management of the lifetime pension allowance to retain highly experienced medical staff.
- The trust has historically delivered a financial surplus each year. The 2017/18 year-end position including non-recurrent sustainability funding was a £0.7 million surplus, but this was lower than the planned surplus of £5.9 million. For 2018/19, the trust has submitted a breakeven plan and is forecasting that it will deliver that position, which is compliant with its control total. The 2018/19 financial plan has a relatively small underlying deficit of £2.9m (1.3%).

- In 2017/18, the trust delivered cost improvement savings of £11.4 million (5.4% of expenditure before efficiencies), of which 46% were recurrent. In 2018/19, the trust has set a target of £10.7 million cost improvement savings (4.5% of expenditure before efficiencies) and demonstrated a reduced reliance on non-recurrent schemes and a greater focus on transformational schemes that realise recurrent benefits. As a result, 83% of the saving schemes are recurrent.
- The trust has reference costs that are lower than average. It is not reliant on external loans to meet its financial obligations and deliver its services.

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

- At the time of the assessment in October 2018 the trust was meeting the constitutional operational performance standard of 95% for Accident & Emergency (A&E), achieving 95.2% in September and having achieved a minimum of 94% every month since April 2018. The trust was not meeting the Referral to Treatment (RTT) standard, delivering 90.6% in September against a 92% target, however the trust has consistently delivered over 90% for the past 12 months. The trust has consistently met the cancer 2-week wait standard over the past 12 months, achieving 98.8% in September and whilst the trust failed to meet the cancer 62-day standard in September, achieving 82.1%, it has achieved delivery of over the 85% standard in 11 out of the past 12 months.

- At 7.76% in June 2018, emergency readmission rates are slightly above the national median of 7.64%. This means that patients are slightly more likely to require additional medical treatment for the same condition at this trust compared to other trusts. The trust has focussed on the development of a Surgical Assessment Unit (SAU) which has reduced the number of patients admitted to wards. This has realised a saving of 6 surgical beds, a reduction in terms of admission in SAU, improved flow out of the Emergency Department (ED) and a reduction in number of patients awaiting speciality review.

- At 0.061 days, the trust is performing in the lowest (best) quartile and below the national median of 0.112 for pre-procedure elective bed days meaning less patients are coming into hospital unnecessarily prior to elective treatment compared to most other hospitals in England.

- At 0.8 days, the trust is performing in the second highest (worst) quartile and above the national median of 0.687 for pre-procedure non-elective bed days meaning more patients are coming into hospital unnecessarily prior to non-elective treatment compared to most other hospitals in England.
- As part of its Quality Improvement (QI) methodology, the trust used Rapid Process Improvement Workshops (RPIWs) to understand where there were unnecessary waits for procedures and identified a number of surgical lists where there have been high numbers of last minute cancellations or issues with pre-assessment. Following this, the trust introduced pre-assessment screening by band 3 practitioners in most clinics which has resulted in 40% of patients requiring no further intervention/assessment prior to surgery. This means that a higher proportion of patients are ready to be listed for surgery directly from clinical appointments, meaning if cancellations occur close to the operation date other patients are ready to be allocated resulting in a much better fill rate. This has meant a 6% reduction in early theatre list finishes and improved optimisation of theatre time**.**

- The trust supports efficient theatre use through the utilisation of a comprehensive theatre dashboard which allows real time monitoring of late starts, utilisation (linked with scheduling/cancellation activity) and productivity reviews to consider the average number of patients on a list. Effective use of supporting software has meant individual surgeons are increasing patient flow through theatre lists by up to 15 cases for some procedures which is a 15-16% increase in the number of electives carried out by these surgeons.

- The Did Not Attend (DNA) rate for the trust is low at 6.02% for June 2018, compared to a national median of 7.02%. The trust explained this is driven by the introduction of text and electronic reminder services, with staff completing additional calls in services where there is a higher DNA rate. One example of improvements driven by reminders is in the ophthalmology service where historically there has been a high same-day cancellation rate. Patients now receive a call 2 days before their appointment to check attendance. This has resulted in a reduction in cancellations and an additional 4 patients per month are having operations.
- The trust evidenced oversight of delayed transfers of care (DTOC) via a discharge steering group, a monthly project update, twice daily management of day to day flow and daily bed meetings with set of standards supported by information coming from ward 'huddles'. This has contributed to a DTOC rate of 2.6% in September 2018 that is lower than average and that has improved from 4.1% in October 2017. At the time of the inspection 61% of beds within the trust were occupied by patients with a length of stay (LoS) of 7 days or longer and 23.8% with a LoS of 28 days or longer.
- Over the last 12 months the trust has worked with system partners to implement a number of actions to reduce DTOC rates and minimise the number of patients with long LoS in the hospital. This includes
    - focussing on supporting discharge as early as possible along patient pathways, including implementing 3 'discharge to assess' pathways, which has resulted in a sustained reduction of 5 beds in medicine during 2017/18, less than 10% of patients remaining in hospital for continuing healthcare (CHC) funding assessments and a reduction in the average number of patients with a LoS of 28 days or longer from 82 in April 2018 to 50 in August 2018,
    - implementing reablement pathways, particularly on the Ripon site, which has led to a 2% reduction in bed occupancy which the trust told us has helped to minimise the number cancelled elective procedures.
    - Implementing a robust 'moving on' policy
- The trust has taken the opportunity to implement a number of processes to drive efficiencies including:
    - Using QI methodologies to optimise theatre utilisation, resulting in increased capacity which has allowed the number of private patients to increase by 13% over the past 12 months
    - Using QI methodologies to improve productivity in podiatry, improving caseload efficiency through a reduction in travel time waste and reducing DNAs.
    - Optimising efficiencies within the ophthalmology service by focussing on delivery of cataract surgery and intravitreal injection therapy (IVT) resulting in the release of £50,000 of anaesthetic input. Increases in productivity have resulted in a £340,000 increase in income.
    - Using on-line consent forms for flu vaccinations in community children's services, reducing the administration costs and increasing uptake
    - Implementing offsite printing for all letters and information sent out from the trust, releasing a saving of around £20,000.

- Working to ensure clinically appropriate follow-ups. This has led to year on year reductions with a current new-to-follow up ratio of 1.79 which has consistently been below the national average of 2.2. Patient-initiated follow-ups have been introduced in gastroenterology, rheumatology and ophthalmology.

- The trust has engaged with the GIRFT programme and was able to describe a number of workstreams it has underway as a result of the visits. The trust has had reviews in general surgery, medicine, diabetes and urology, with the team due to review ophthalmology in November. The trust noted that as a result of their visits the GIRFT team wrote to the deanery expressing their opinion that the trust could cope with more trainees given that they appeared to be taught well and have a good experience.

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

- For 2016/17 the trust had an overall pay cost per WAU of £2,584 compared with a national median of £2,157, placing it in the highest (worst) cost quartile nationally. This is supported by cost per WAU in the worst quartiles for nurse staff costs (£1,027 compared with a national median of £718), medical staff costs (£583 compared with a national median of £526) and Allied Health Professional (AHP) staff costs (£213 compared with a national medial of £127). However, the trust stated that half of its workforce is based in community services, delivering services from 163 sites, and this unreasonably impacts on the cost per WAU. The trust calculated that across all relevant staff groups the impact of adjusting for community services pay costs would move the pay cost per WAU from the highest (worst) quartile to the second highest (worst) quartile and give a position close to the peer group average (trust size/spend).
- The trust stated that several of the community services it delivers have a commissioner contract requirement for nursing staff to be in the higher pay bands (agenda for change bands 5, 6 and 7). This requirement is intended to drive service quality improvement but also contributes to a higher nurse staff cost per WAU.
- At August 2018, the trust had spent £2.361 million on agency staffing which is £216,000 more than the agency ceiling set by NHS Improvement for that period. However, the trust demonstrated that the average monthly spend is decreasing and is forecasting that spend will be within the ceiling for 2018/19. In addition, for 2016/17 the trust had an agency cost per WAU of £78 compared to the national median of £137.
- The trust implemented a master vendor model and agency cascade with a Direct Engagement Model in November 2017. The trust stated that this has significantly improved the booking of medical agency shifts with an associated saving of £95,000 in total, and a further £66,326 in the current financial year.
- The trust stated that it has a number of long-term vacancies in hard to find specialties, for example in oncology and gastroenterology, where it has needed to employ locums as premium rates. This has contributed to the high medical agency spend. The trust stated that it has reached a direct engagement agreement for one of its long-term high cost oncology locums in the past 4 weeks.
- In August 2018 the majority of shifts filled by agency based on a 4-week average were to cover unsocial hours. This included 19.6% of medical shifts, 65% of nursing shifts, 50.2% of AHP shifts and 91.5% of healthcare worker shifts. The trust stated it was aware of this issue and was working to address it, for example it had recently recruited to ‘night only’ posts in theatres.

- The trust described that they had seen an increase in nurse staffing spend leading up to the beginning of the 2018/19 financial year. The variance against the planned spend has since decreased by 70%, with a 75% reduction in nurse staff cost overspend for inpatient areas and a 55% decrease in theatres. This has been driven by the implementation of new roles, including apprenticeships, the increased use of NHS Providers, and the impact of the Enhanced Care Collaborative on reducing costs associated with enhanced care provision. The trust has also targeted ward-based nursing costs for improvement, including a recent review by NHS Improvement.
- The trust described a robust escalation process for high cost agency spend or spend on staffing for enhanced care. They stated that in about half of all cases the request is refused and in about 20% of cases a lower price is negotiated.
- The trust has reviewed nurse staffing skill mix in outpatients and has implemented a model which has a lower proportion of band 5 nurses and a higher proportion of unqualified support. This has led to a reduced number of clinics cancelled due to lack of staffing, a saving of £60,000 and the establishment of a new practice educator post.
- The trust has implemented a number of new roles to improve recruitment and enhance traditional workforce models, including:
    - the creation of a CESR (Certificate of Eligibility for Specialist registration) programme in paediatrics, signed off in December 2017. The trust has recruited to 4 out of the 5 posts and is expecting all posts to be filled by January. This follows a successful similar programme being implemented in the Emergency Department
    - implementing new practitioner roles, including an IVT (intravitreal injection therapy) practitioner in ophthalmology and a cytology practitioner in histopathology
    - placing a sonographer able to perform prostate biopsies and ultrasounds on the medical rota
    - recruiting six Advance Care Practitioners, with a second cohort of four in training,
    - having twelve Nursing Associates on acute wards, and
    - exploring implementation of Physician's Associates.
- The trust provides community children's services across a wide geography. In order to drive efficiencies, the trust has made skill mix adjustments to the services in terms of thematic leads (e.g. leads for safeguarding) which has delivered a saving of £265,000 in 2018/19 by reducing duplication of functions and an associated reduction in management posts. The trust has also signed off a business case to consolidate the administrative function across these services with a more collaborative approach supported by an investment in technological solutions. The trust is planning for a £200,000 benefit from this.
- Staff retention at the trust is good, with a retention rate of 86.3% in May 2018 against a national median of 85.5% The trust stated that this has increased to 88% in September. The trust described a number of initiatives taken to improve retention including:
    - the highest area for turnover had been care support workers, and to address this the trust has invested in apprenticeships and currently has 57 apprentices on inpatient wards
    - implementation of practice development nurses in each directorate, and preceptorship for newly qualified nurses last for 2 years.
    - a leadership programme for band 6 and 7 nurses, with the first cohort currently underway.
    - implementing a Lifetime Allowance Pension Restructure policy to retain highly qualified and experienced medical staff. This allows employees to have the equivalent of the employer pension contribution to be paid directly to salary rather than into their pension.

- At 4.51% in April 2018, staff sickness rates were worse than the national average of 4%. The trust stated that this had reduced to 3.6% in August 2018. The trust is focussing on areas with high levels of sickness absence and stated that when comparing the 5 main areas of high sickness rates, there has been an £80,000 saving as a result of reducing the time lost to sickness compared to last year.

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

- At £1.03 in 2016/17, the overall cost per test at the trust benchmarks in the lowest (best) quartile nationally. Reasons include the pathology workforce within the trust having high levels of experience and working to the to the maximum level of skill and responsibility allowed by their professional body resulting in high productivity and very low (positive) turnaround times. This is further supported by the robust Integrated Clinical Environment (ICE) requesting system utilising algorithms to manage demand which the trust stated had delivered a £10,000 saving.
- The trust has centralised immunology testing across the regional network and are an active member of the West Yorkshire and Harrogate pathology network. In the past 12 months the trust has also initiated a review of on-call models and is actively exploring other collaboration options with the intention of delivering further efficiency savings.
- At £281 in 2016/17, the trust's medicines cost per WAU is relatively low when compared to the national median of £320. As part of the Top Ten Medicines programme it is making good progress in delivering nationally identified savings opportunities, achieving £1.12 million in 2017/18 (42% more than its target) and a further £1.825 million between April and August 2018. It has a good biosimilar uptake, exceeding the national benchmarking target by 26% for Rituximab and meeting the target for Infliximab in the year to July 2018.
- The trust has significantly reduced the number of days of pharmacy stockholding from 25 to 15.5 days in the last 12 months, notably through reduction in holding of cancer drugs. This has resulted in a £300,000 cash release.
- The General Medical Council (GMC) has provided direct positive feedback to the trust highlighting the good practice in pharmacists buddying and training junior doctors, which has also had a positive impact on adverse incidents and drugs errors.
- The trust provided a number of examples of use of technology to support efficiency including:
    - The ICE demand management system has eliminated duplicate tests and enabled sharing of test results with Leeds Teaching Hospitals NHS Trust, reducing both trusts' costs as evidenced by the trust's low cost per test.
    - The trust is implementing a new Electronic Patient Record (EPR) in collaboration with Northern Lincolnshire and Goole NHS Foundation Trust. This process is being clinically led which the trust stated has improved staff engagement in the implementation. The system costs less to run than other comparable EPRs as demonstrated by the low medical records cost (which the EPR cost contributes to) in 2017/18 of £83,000 per £100 million of turnover compared to the national median of £288,700 per £100 million of turnover.
    - The trust has used technology to support mobile working across its community services using SystmOne, also enabling benefits from shared electronic medical records. The trust described effective use of resources including the deployment of mobile technologies across a significant geography, achieving implementation within a period of three months. The trust was able to articulate the benefits of this deployment in terms of productivity and patient and staff safety.

- The trust has developed and approved a Virtual Private Network (VPN) business case in the last 12 months to enable full remote working to be rolled out next year.
- The trust also utilises SystmOne within the acute hospital to enable pharmacists and medical staff to access patient information on everything that is prescribed by the hospital, in primary care and across community services, including high-risk medicines such as insulin and antibiotics enabling better and safer patient care.

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

- For 2016/17 the trust had an overall non-pay cost per WAU of £1,007, compared with a national median of £1,301, placing it in the lowest (best) quartile nationally.
- In 2017/18 the cost of running its finance and human resources (HR) departments are lower than the national average with costs of £550,000 per £100 million of turnover compared to a national median of £720,000 per £100 million of turnover (finance) and £788,000 per £100 million of turnover compared to the national median of £1.103 million per £100 million of turnover (HR).
- Within HR, provision of occupational health services is more expensive than the national median at £147,000 per £100 million of turnover compared to the national median of national £127,000 per £100 million of turnover. However, the trust has already identified this and is developing service collaboration plans with other regional trusts.
- Within the data supporting the HR benchmarking the trust did not include costs for HR temporary staffing support or system costs. The trust stated these costs are in the order of £250,000 per annum. If these costs were included the trust benchmark position would remain better than the national median.
- The trust has chosen not to consolidate payroll despite being in the second highest (worst) quartile at £115,000 per £100 million of turnover compared to the national median of £99,000 per £100 million of turnover in 2017/18. The trust described the rationale and provided the evaluation used in reaching this decision, showing they had considered this as part of wider schemes but prioritised other options that would deliver greater savings. The trust stated their belief that keeping payroll as an internal service provides greater responsiveness.
- The trust's procurement processes are relatively efficient and drive down costs on the things it buys. This is reflected in the trust's Procurement Process Efficiency and Price Performance Score of 59, which placed it in the second highest (best) quartile when compared with a national average of 50.
- The trust has variance of 7.46% for its top 100 products in the NHS Benchmarking tool, PPIB compared to a national median of 6.5%, putting the trust in the second highest (worst) quartile. It has used this information to inform its internal procurement strategy, for example in the purchase of sharp pads to realise a saving of £190,000. The trust is working across the West Yorkshire Association of Acute Trusts (WYAAT) to deliver procurement savings, for example in the procurement of continence products and wound care products saving over £85,000.
- The trust is working towards level 2 NHS Commercial Accreditation having achieved level 1 accreditation in finance and procurement 12 months ago. With a procurement cost in 2017/18 of £177,000 per £100 million of turnover compared to a national median of £271,000 per £100 million of turnover, the trust is not an outlier.
- At £323 per square metre in 2016/17, the trust's estates and facilities costs benchmark slightly below the national median of £334 per square metre.

- The trust received benefits from setting up of a wholly owned subsidiary (WOS) of £3.1 million in 2017/18. In addition, the trust now employs 14 more estates staff than the previous year in hard to recruit roles. The trust stated that this was a result of the WOS being able to offer a more attractive remuneration package.
- For 2017/18 the trust's hard Facilities Management (FM) cost of £91 per square metre is higher than the peer median (trust size/spend) of £73 per square metre and the national benchmark value of £80 per square metre This has been addressed in-year through a significant carbon energy investment which has delivered £600,000 recurrent savings and a reduction in backlog maintenance of £5 million. The trust was able to evidence good contract management of FM services for example it stated that it withheld £140,000 of payment to external companies based on non-delivery of key performance indicators within their contracts.
- In 2017/18 the trust had a soft FM cost of £131 per square metre which is higher than the peer median (trust size/spend) of £101 per square metre and the national benchmark value of £127 per square metre. In the past year the trust took the decision to retain catering services in-house, invest in electronic payment systems and improve menus. This has resulted in increased income and foot flow through the catering facilities which are expected to improve the benchmark position.
- The trust's maintenance backlog was assessed at £16 million. None of this is considered to be high-risk, which is a positive position.

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

- The trust has historically delivered a financial surplus each year, including non-recurrent sustainability funding, and has reference costs consistently lower than average. The trust failed to meet the Control Total requirement in 2017/18, but in 2018/19 it has achieved the planned position at month 6 (September) and is forecasting delivery of the control total requirement.
- The 2017/18 year-end position including non-recurrent sustainability funding was a £0.7 million surplus, against a planned surplus of £5.9 million. Excluding sustainability funding, the position was a deficit of £2.9 million (1.34% of turnover), this compared to a planned surplus of £2.1 million. As a result, the trust did not earn the full sustainability funding that was available.
- For 2018/19, the trust has submitted a breakeven plan which is compliant with its control total. At month 6 (September) the trust has met its plan for a year to date deficit of £5.6 million excluding sustainability funding and is forecasting that it will deliver the control total requirement.
- The key driver in failing to deliver the 2017/18 plan was under-delivery of elective and outpatient income, partly offset by non-elective activity over-trade and additional savings generated from the Cost Improvement Plan (CIP). In 2018/19 the trust has agreed an Aligned Incentive Contract with its main commissioner which stabilises income and enables a focus on system-wide cost reduction and efficiency improvement.
- In 2017/18 the trust delivered £11.4 million CIP (5.4% of expenditure before efficiencies) which was £2.5 million more than the original plan of £8.9 million. Recurrent savings totalled £5.2 million (46% of the total), demonstrating a significant reliance on non-recurrent schemes.
- For 2018/19, the trust has set a CIP target of £10.7 million (4.5% of expenditure before efficiencies) and at month 6 (September) has identified schemes to deliver that plan.

Those demonstrate a reduced reliance on non-recurrent schemes and a greater focus on transformational schemes that realise recurrent benefits, including successful bids for new service contracts and recurrent directorate level efficiencies. As a result, over 83% of the savings are planned to be recurrent.

- The trust had a planned underlying deficit of £1.8 million in 2017/18 excluding non-recurrent sustainability funding, and the 2018/19 plan will result in a further deterioration of £1.1 million to give an underlying deficit of £2.9 million (1.3%). The trust did not have a plan in place for returning the trust to a break-even or surplus position.
- The trust has demonstrated the use of productivity data from the Model Hospital in its CIP development and corporate decision making. The trust evidenced the use of service costing which moved ophthalmology from a loss-making service to delivering a 19% margin contribution and using Model Hospital benchmarking data to identify workforce modelling opportunities delivering a £65,000 cost reduction.
- The trust has not required distressed cash or working capital loans and does not plan to require any during 2018/19. Cash balances have reduced from £5.4 million at the end of 2017/18 to £0.4 million at month 6 (September) 2018/19, and the trust's liquidity metrics fell from 8.881 to 0.668 over the same period. The trust gave examples of the actions taken to manage this position, including negotiating flexible terms with NHS commissioners and Local Authorities, and reducing stock levels in pharmacy.
- The trust has proactively managed supplier relations to manage within the reduced cash balance, for example through the agreement of extended payment terms. As a result there has not been any adverse impact on operational service delivery from the reduction in Better Payment Practice Code compliance which reduced from 16.2% of invoices received (53.1% of invoices by value) at the end of 2017/18 to 6.9% and 42.9% respectively after the second quarter of 2018/19.
- The trust has evidenced a strong focus on business development and income generation, especially in relation to growing its community services and children services contracts. The trust has a 96% bid win rate and has secured over £20 million per annum of additional contracts across Yorkshire and the North East, notably 0-19 Heathy Child Programme, Vaccinations and Immunisations. The trust has taken positive action to increase private patient income, achieving a 13% increase year on year. The trust has also secured a very high research and development income, which as % of turnover is one of the highest nationally.
- The trust demonstrated the use of service costing information in key corporate decisions, including an example of the plastics service where Service Line Reporting information had demonstrated that in 5 months of 2017/18 the service had made a loss because the costs of £46,001 exceeded income of £32,020. This led to a Board decision to serve notice and cease provision of that service.
- The trust had low spending on external consultants of £0.4 million in 2017/18, with £0.7 million planned in 2018/19. This mainly related to one-off highly specialist advice and support, and the trust evidenced action taken to transfer skills and capacity in-house where appropriate. An example of this was where the trust utilised external consultancy as a business development partner for the preparation of tenders for immunisation and flu contracts with North Yorkshire and York at a cost of £22,000, but subsequently had successful contract bids for Durham, Darlington, and Middlesbrough without consultancy support.

Outstanding practice

- The trust provides a number of community children's services across a wide geography. In order to drive efficiencies, the trust has made skill mix adjustments to the services in terms of thematic leads (e.g. leads for safeguarding) which has delivered savings by reducing duplication of function and an associated reduction in management posts. The trust has also signed off a business case to consolidate the administrative function across all of the services and have a more collaborative approach supported by an investment in technological solutions.
- In order to retain highly qualified and experienced medical staff the trust has implemented a Lifetime Allowance Pension Restructure policy which allows employees to have the equivalent of the employer pension contribution to be paid directly to salary rather than into their pension.
- The trust has an embedded Quality Improvement approach and described a number of instances where this approach had resulted in efficiencies, including in ophthalmology, surgical pre-assessment, optimisation of clinics and use of a theatre dashboard to drive improved theatre utilisation.
- The trust has a strong record of using technology to drive efficiencies in service delivery including the utilisation of its Integrated Clinical Environment system, on-line consent and booking for flu vaccinations in children's services, and rapid implementation of technology to support delivery of safe and mobile community services, increasing productivity.
- The trust provided a number of examples of outstanding practice in pharmacy, including Top Ten Medicines delivery, biosimilar uptake and having junior doctors working alongside pharmacists to reduce incidents and drug errors.

Areas for improvement

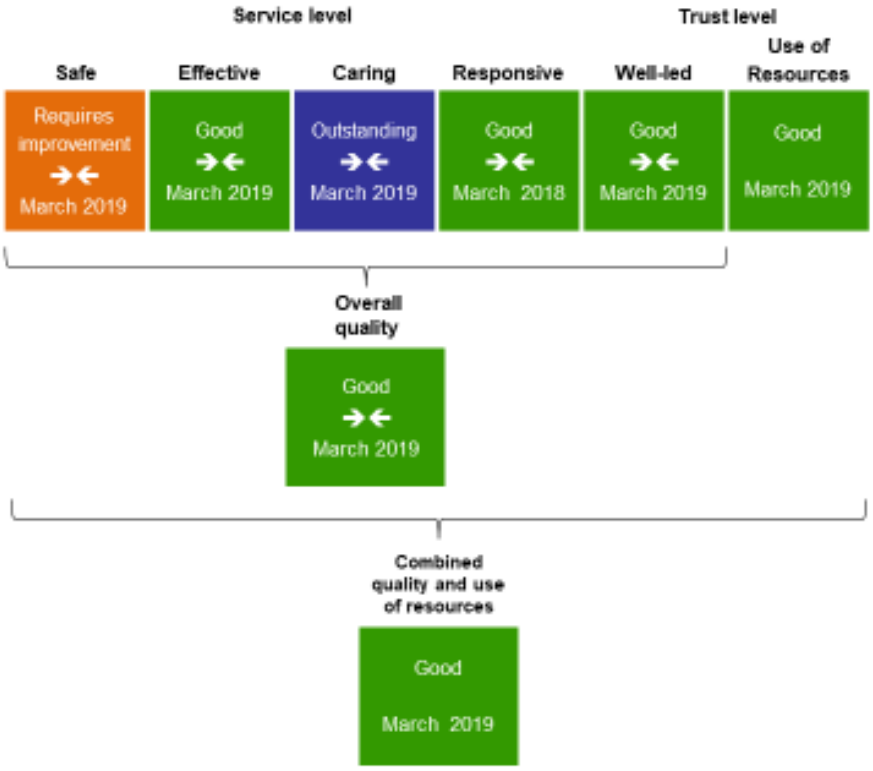
- There are a number of drivers within the trust that are contributing to high pay costs, including agency costs. This includes long term medical vacancies; high nurse staff costs and high proportion of agency spend being used to cover unsocial hours. The trust must continue to work to address these areas and reduce their pay costs.
- The trust has higher hard and soft facilities costs than the national average. Whilst the trust has undertaken some mitigating actions in year, they will need to continue to focus on this to further drive down costs.
- The trust had an increasing underlying deficit position in 2018/19 and needs to have a focus on developing a plan for returning the trust to a break-even or surplus position.

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)	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.

cost per £100 million turnover	
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.