Princess Alexandra NHS 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 NHS trust.

Ratings

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

Our overall quality rating combines our five NHS 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 NHS trust and in the related evidence appendix. (See www.cqc.org.uk/provider/reports)

Are resources used productively?	Good ●

Combined rating for quality and use of resources	Requires improvement

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

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

The aim of the assessment is to improve understanding of how productively NHS trusts are using their resources to provide high quality and sustainable care for patients. The assessment includes an analysis of NHS 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 NHS trust.

Combined rating for Quality and Use of Resources

Our combined rating for Quality and Use of Resources is awarded by combining our five NHS 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 NHS trust. The combined rating for Quality and Use of Resources for this NHS trust was requires improvement, because:

- The use of resources at this trust was good, but the trust's overall rating was requires improvement. When aggregated, with the overall quality rating, the trust's rating came out as requires improvement.
- In rating the trust, we considered the current ratings for the two core services we had not inspected this time.
- We rated safe, effective, responsive and well led as requires improvement.
- We rated three of the six core services we inspected as requires improvement. Our ratings took into account the previous ratings of services not inspected this time. Our decisions on overall ratings take into account factors including the relative size of services and we use our professional judgement to reach a fair and balanced rating.
- The rating of the key question of effective had gone down to requires improvement since our last inspection in December 2017.
- The requires improvement rating remained the same for urgent and emergency services and medical care (including older people's care).
- Some issues that contributed to a breach of regulation at our last inspection in December 2017, had not been fully resolved at this inspection; in some services patient records were

not always maintained in a timely or consistent manner. Mandatory training compliance remained an area of concern and nurse vacancies were high in some areas.

- Safety incidents were not always managed in a timely manner and at the time of our inspection, the trust had recently identified significant number of incidents that had not been appropriately dealt with on its electronic reporting system. Some of which dated back to 2013.
- Governance systems were not fully established or embedded to assess, monitor and improve the quality and safety of services and manage risk across all services within the trust.

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Date of visit: March 26th 2019

Date of publication:
<xx.MONTH.2019>

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

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

How effectively is the NHS trust using its resources?	**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 NHS trust's performance against a set of initial metrics alongside local intelligence from NHS Improvement's day-to-day interactions with the NHS trust, and the NHS trust's own commentary of its performance. The team conducted a dedicated site visit to engage with key staff using agreed key lines of enquiry (KLOEs) and prompts in the areas of clinical services; people; clinical support services; corporate services, procurement, estates and facilities; and finance. All KLOEs, initial metrics and prompts can be found in the Use of Resources assessment framework.

We visited the NHS trust on 25th March 2019 and met the NHS 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 NHS trust using its resources productively to maximise patient benefit?	Good ●

We rated use of resources as Good. The NHS trust has made demonstrable productivity improvements through implementing more efficient processes and stronger expenditure controls. This has had a positive impact on most areas covered in this assessment, including the financial position. However, further work is required to address areas where the NHS trust is still less productive (noted further in this report), and to reduce the overall deficit position.

- The NHS trust is meeting most of the constitutional operational standards and its performance against clinical services productivity metrics compares well, in particular; Did not Attend (DNAs) rates in outpatients, Length of Stay, Delayed Transfers of Care (DTOCs) and Pre-procedure days. The NHS trust is working to reduce the high 30-day emergency readmissions rates.

- The NHS trust is working in collaboration with their partners across the health care system to improve patient flow. They have introduced an integrated discharge team which supports management of their stranded and super stranded patients. This has contributed to an overall reduction in length of stay at the NHS trust and a low DTOC rate which is maintained below national average.

- There has been engagement with the Getting it Right First Time (GIRFT) programme, which has resulted in the NHS trust improving productivity in Trauma and Orthopaedic services for instance, increasing theatre throughput and reducing length of stay. The improvements have been recognised by the NHSI GIRFT team and the NHS trust is put forward as one of the model sites for the GIRFT programme.

- Agency spend has reduced and is maintained below the ceilings set by NHS improvement. the NHS trust is progressing the use of technology to achieve more effective deployment of its workforce. The NHS trust has also demonstrated using alternative workforce models to ensure continuity of service delivery in hard to recruit areas, and to improve patient flow. Staff sickness rates are below the national median and the NHS trust provides support for its staff through a range of programmes to support their health and wellbeing.

- Pharmacy and medicines costs compare well, with the NHS trust benchmarking in the second lowest cost quartile. The NHS trust has pharmacy staff working on wards to support medicines optimisation and other initiatives in place to reduce medicines wastage. The NHS trust has progressed well in delivering against the national top ten medicines programme, with savings performance that is better than the national benchmark. The NHS trust has electronic prescribing capability, demonstrating effectual use of technology to support safe quality patient care.

- The NHS trust has seen improvements in the DNA rates for some of the modalities in the imaging department, MRI and non-obstetric ultrasound. Work has been undertaken to review the booking process along with improved patient engagement to reduce the levels of missed clinic appointments.

  The NHS trust's overall cost per Weighted Activity Unit is £3465 compared to a national median of £3486, which places the NHS trust in the second lowest (best) quartile nationally. The low non-pay cost per WAU is the main contributor to this position

- The NHS trust did not achieve its control total in 2017/18 but has improved its position in 2018/19 (from 15.08% of turnover to 12.84%), and is reporting a positive variance of £0.5 million, against a planned deficit of £28.5 million, excluding PSF. The position including PSF is £16.5 million deficit (7.4% of turnover)

- The NHS trust is reporting delivery of its cost improvement plan (CIP) for 2018/19 with a positive variance of £2.1 million against plan (4.55% of expenditure). The NHS trust has improved its underlying financial position of £32.6 million deficit in 2017/18 to its current position of £30.9 million deficit. This has mainly been achieved through reduction in agency pay costs and improved CIP delivery.

However:

- The NHS trust's is operating with a deficit which though improved remains significant at 12.84% of turnover, and continued focus is required to ensure that this position continues to improve

- The NHS trusts overall pay cost per Weighted Activity Unit (WAU) of £2,254 (2017/18), places it above the national median and in the second cost quartile nationally. Medical staffing costs per WAU are contributing to this position benchmarking in the highest cost quartile, despite work that has been done to achieve a significant reduction in medical agency costs.
- Staff retention has improved but remains worse than national median. Overall vacancy levels are slightly higher than the national averages, however some nursing staff groups have significantly high vacancy rates, which is an area of concern and will require continued focus.

- Further work is required to improve performance against the 4-hr Accident and Emergency standard which though improved remains below the constitutional operational standard and the national median

- In pathology services, the overall costs per test is higher than the national benchmark with the NHS trust citing high medical workforce cost as the key driver. The NHS trust is not part of a pathology network which the national strategy for service sustainability in this area.

- Although there has been an overall improvement in the cost of running estates, the backlog maintenance levels and critical infrastructure risks remain high. It is however acknowledged that the NHS trust is in the process of progressing a business case for a future new hospital build.
- Procurement processes are improving with progress being made in the NHS trusts rankings on the procurement metrics and plans are in place to support more efficient

ways of working. The NHS trust still ranks low in the table and needs to ensure a continued focus on the improvements.

- Efficiencies have been generated in the Human Resources (HR) function through restructure and process automation, however the finance function costs remain high. Although this is due the investment made to improve clinical coding to support better income recovery, the NHS trust has recognised the improvements can be achieved more efficiently.

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

The NHS trust is meeting most of the constitutional operational standards and has made various productivity improvements in clinical services which are evidenced by reductions in several key metrics such as length of stay, emergency readmissions and day case rates.

- At the time of the assessment in March 2019, the NHS trust was meeting the constitutional operational performance standards for Referral to Treatment (RTT), Cancer and Diagnostics. It was not meeting the constitutional operational performance standard for Accident & Emergency (A&E), and although performance had improved from 64.5% in March 2018 to 72.2% in March 2019, this is still below the national median.
- Patients are more likely to require additional medical treatment for the same condition at this NHS trust compared to other NHS trusts. The emergency readmission rate within 30 days is 10.84% for September 2018 compared to a national median of 9.4%. This places the NHS trust in the worst performing quartile nationally. An external audit undertaken identified that several emergency readmissions were avoidable, but this required more intervention by primary care and community services. Improvement actions have since been taken and the NHS trust is reporting a lower emergency readmission rate for some specialities such as medicine.
- Fewer patients are coming into hospital unnecessarily prior to treatment compared to most other hospitals in England. The NHS trust's performance of elective procedures admitted on the day of surgery is above the national average and peer benchmark. The NHS trust has the lowest pre-procedure bed days nationally, for both elective and non-elective activity.
- The NHS trust's elective care Length of Stay (LOS) is also in the top quartile nationally with a performance of 2.3 days against a peer average of 2.9 days and a national median of 3 days. Since April 2018 the non-elective LOS has decreased by 1.4 days.
- The NHS trust has also improved patient discharge processes by improving the number of discharge prescriptions (TTOs) completed at weekends. This has improved since the introduction of weekend pharmacists which was introduced in October 2018. During the weekend shifts, the pharmacist complete medicines reconciliation activities for new patients on the ward as well as clinically validate TTOs needed for patients who can be discharged, liaising closely with dispensary colleagues to ensure forward planning for discharges scheduled for the day. This has resulted in discharge prescriptions being managed more efficiently within the working hours of the dispensary. During March 2019 the TTOs issued at the weekends were at 180, compared to 120 in March 2017 and 138 in March 2018.
- The Did Not Attend (DNA) rate for the NHS trust has been consistently low at 6.08% for September 2018 which is within the upper quartile for national performance. The NHS

trust has achieved a significant reduction in Outpatient DNA rates in Gynaecology (10% in December 2017 to 6.5% in February 2019), Paediatrics (14% in June 2017 to 9% in February 2019). This has been achieved by implementing actions from a user survey carried out to understand the reasons for the missed appointments.

- The NHS trust has also achieved a reduction in outpatient DNA rates for Trauma & orthopaedics (T&O) from 10% in December 2017 to 5% in February 2019. This was achieved as a result of Consultant Led training for Emergency Department staff – including Emergency Nurse Practitioners (ENPs) and has resulted in improved quality of non-elective referrals and a reduction in DNAs.
- In addition, the NHS trust's Theatres User Group review DNA rates on the day of surgery. In 2017/18 they implemented the 6-4-2 booking system which increased forward planning of lists and enabled booking staff time to confirm fitness and willingness to proceed. If the patient did not wish to attend, the NHS trust policy was followed, and the slot was filled by another patient, either elective or emergency.
- The NHS trust has improved its theatre productivity and efficiency of elective care by increasing day case patient management. The percentage of day case patients increased within Breast Surgery from 39.2% in Q4 2017/18 to 72.4% in Q2 2018/19. Within Gynaecology the percentage of day case patients for Q2 2018/19 is at 87.8% which is higher than the peer average of 77.4% and the national median of 86.1%. The NHS trust has been able to achieve these improvements by working with individual surgeons to review practice and make incremental improvements to a day case model. The overall day case rate as at July to September 2018 (77.4%) however remains, worse than national median (77.8%) which indicates that further improvements can be made.
- The NHS trust was able to demonstrate a marked improvement in Delayed Transfer of Care (DTOC) which has consistently been below the 3.5% national standard since December 2017 with the lowest being 1% in December 2018 and 1.4% in February 2019. This has been achieved through a number of actions including; System wide collaboration and focus on system patient flow which is implemented by the Integrated Hospital Discharge Team (IHDT), development of better Discharge to Assess resources, and MDT and patient centred approach to identifying patients' needs on discharge and care planning.
- There has been an improvement in the number of patients with a longer length of stay. This is evidenced by a reduction in the percentage of beds occupied with long stay patients, from an average of 16.1% in 2017/18 to 14.1% as at February 2019. The percentage of stranded long stay patients has also improved slightly from 22.4% to 21.6%. This has been achieved by increased and regular ward rounds which involve the clinical teams, the IHDT and wider community partners where appropriate to ensure that all actions from the review of stranded patients have been completed and a further set of actions to facilitate discharge once it is agreed and implemented.
- The NHS trust has been very well engaged with the GIRFT programme and has now been put forward as one of the model sites for this programme. Implementation of GIRFT recommendations have resulted in the NHS trust improving productivity in Trauma and Orthopaedic services for instance, increasing theatre throughput and reducing length of stay. The NHS trust utilises Model Hospital benchmarking data in its improvement plans to identify efficiency and cost saving opportunities.

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

The NHS trust has made improvements in its workforce deployment processes, and sickness is well managed. It has also achieved a sustained reduction in agency spend, which is maintained below the ceiling set by NHS improvement. It is making good use of new roles to address workforce shortages in hard to recruit areas. However, the NHS trust continues to have high vacancy rates especially in nursing and some medical specialities despite focused efforts of recruitment.

- For 2017/18 the NHS trust had an overall pay cost per WAU of £2,254 compared with a national median of £2,180, placing it in the second highest cost quartile nationally. This means that it spends more on staff per unit of activity than most NHS trusts. Medical costs per WAU are high and in the highest cost quartile, while nurse staffing and AHP costs are both in the lowest cost quartile.

- Consultant job plans are reported to be 80% completed. While some of the job planning is aligned to capacity and demand, this is not consistent and there is still more work to do to ensure that medical workforce deployment is appropriate for all specialities. The medical workforce deployment process, which includes job plans and junior doctor rotas is undertaken electronically.

- Nursing workforce deployment is also undertaken electronically, and the NHS trust is also using Safe Care to capture patient acuity to review ensure safe staffing levels. Daily staffing huddles are in place to assess daily care needs and staff are moved around the NHS trust to ensure safe coverage of staffing requirements. Key Performance Indicators (KPI) are in place to monitor compliance of e-rostering and the NHS trust is sighted on areas of roster management where KPIs are not being achieved and where more work is required to provide assurance that the nursing workforce is being deployed efficiently. A nurse staffing skill mix review is undertaken every six months which is reviewed by the NHS trust board to agree any potential changes to skill mix. Alongside this, vacancies are reviewed on an individual basis by the executive team to ensure knowledge of vacancy rate and to approve replacement. Allied health professionals and nurse specialists also utilise e-rostering and nurse specialists also have job plans in place.

- For 2017/18, the NHS trust met its agency ceiling set by NHS Improvement, reducing its agency from the previous year). The NHS trust expects to achieve further reductions in agency spend and meet its agency ceiling for 2018/19, which mean a reduction from 8.10% to 5.33% of gross pay costs. A ten-point plan has been introduced which has led to a significant reduction in agency costs for medical staffing, this includes control on agency use for instance; all agency approval will be signed off by the Chief Medical Officer, and agency staff only used in exception for daytime working hours during the week. The NHS trust has also worked with other local hospitals NHS trusts and medical agencies to ensure consistency in prices for medical agency staff. The NHS trust has also reviewed terms of their locum medical staff contracts to ensure they are short-term and plans for recruitment are progressed. Agency spend however is still significant at

- The NHS trust is using alternative workforce models to support clinical services delivery in hard to recruit areas. They have employed paramedics to work in the emergency department alongside their emergency nurse practitioners and they have developed the physiotherapy roles and occupational therapy roles to work more closely on patient assessments enabling cross over of assessment skills. This has reduced duplication and moved to a single assessment document, reducing staff time and improving patient experience.

- The NHS trust is training physician assistants, who are embedded into the ward teams to support clinicians. The NHS trust also has a 3-year fellowship programme for medical staff to be supported in training and project work whilst providing clinical support to the NHS trust thus reducing agency spend.

- The vacancy rate, specifically in nursing is high at 25%, particularly in band 5 nurses where the vacancy rate is even greater. The NHS trust has a recruitment trajectory to come up to establishment and is actively undertaking in oversees recruitment initiatives. The NHS trust is also supporting nurse associate training with a further cohort currently undergoing training.
- Staff retention at the NHS trust shows room for improvement, with a retention rate of 83.9% in November 2018 against a national median of 85.9%. The NHS trust has a workforce committee through which they have improved staff engagement with weekly executive staff briefings. The NHS trust also celebrates staff success through annual achievement awards where each staff group are recognised. The current focus of nurse retention is on the high staff turnover at 3 months, 6 months and 9 months to understand what is driving turnover of these staff who are relatively new to post. Clinical practice facilitators have been increased to also support newly appointed staff.

- At 4.14% in October 2018, staff sickness rates are better than the national average of 4.27%. The NHS trust supports its staff with a range of programmes with a focus on mental health and have mental health first aiders and mental health awareness days.

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

The NHS trust has progressed well in achieving the savings identified in the top-ten medicines programme and has increased the time pharmacists spend on the ward, undertaking patient facing activities to support patient flow and quality of care. Overall DNA rates in imaging have improved, with further actions in place to address hotspots, and reporting turnaround times have reduced due to better capacity and demand alignment. However, pathology costs remain high, and there is opportunity for better deployment of technology.

- The NHS trust has dedicated resource to ensure ongoing review of capacity against demand requirements in imaging services, and this has delivered improvements in turnaround times. The NHS trust currently outsources the out of hours reporting work, which is managed against an agreed contract performance indicator, however it plans re-house the services, as this would deliver reductions in cost.

- The NHS trust is in the process of replacing its aged equipment (some of which is over the recommended 10 years). It has recently installed a new MRI scanner and a new CT scanner will be installed in the coming year.

- Although the NHS trust has achieved a reduction in the overall DNA rate from 6.9% to 4.4%, DNA rates for a number of the modalities remain is high. The NHS trust currently uses patient text reminders, however this is currently only one-way. Plans are in place to introduce the more effective two-way text reminder service.

- Vacancy rates in imaging services compare well. The NHS trust offers career development opportunities where staff can progress into enhanced roles, which has supported recruitment and retention of staff.

- For pathology services the overall cost per test at the NHS trust benchmarks in the second highest quartile nationally. The NHS trust attributes this to the cost of the medical workforce and the high costs per full time equivalent. Work is in progress with Hertfordshire Sustainability and Transformation Programme to provide pathology services as part of a network to be in place 2020.
- The NHS trust's medicines cost per WAU is relatively low when compared nationally. As part of the Top Ten Medicines programme, the NHS trust is making good progress in delivering on nationally identified savings opportunities, achieving 147% of the savings target against a national median of 100% for, 2017/18 achieving saving more than £1m. The NHS trust continues to make good progress against the target in the current year.
- The NHS trust introduced electronic prescribing over the last couple of years covering all in-patient areas, ED and theatres. This has enabled improvements in patient medication discharge information for GP's and community pharmacists. Improved patient medication management will lead to a reduction in readmission rates and improve patient medication management.
- Further work has been done to increase the percentage of time pharmacists spend on patient facing activities, the NHS trust is currently achieving approximately 75% with an internal target of 80%. This has resulted in quality improvements in anti-coagulation and antibiotic prescribing. The NHS trust has also increased pharmacy time on the wards at a weekend which has resulted in an increased number of patient discharges over a weekend.
- Speciality specific pharmacists have been trained with some undertaking their own clinics for example, in gastroenterology which has released consultant time. Work has also taken place to improve cross boundary working across both secondary and primary care, this has been particularly beneficial in rheumatology and gastroenterology.
- The NHS trust has invested over the last 4 years in technology to support patient information and efficiency of service delivery, however use of technology remains an opportunity for this Trust when compared to its peers. Notable benefits have been seen from the adoption of technological solutions identified in the Information Technology capital investment programme such as ESR benefits via electronic payslips.

- The NHS trust has an electronic nerve centre which provides patient tracking information to patient flow and care. The NHS trust also has real time reporting in ED and MyCare Record has been introduced to enable easier and quicker assess of patient level information for both primary and secondary care clinicians.

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

The NHS has made demonstrable improvements across its corporate services, include automation of processes and better engagement with NHSI procurement initiatives, which support sourcing lower prices for purchases. Various initiatives have contributed to a reduction in the cost of running the estate, however the maintenance backlog remains high when compared to peers.

- The NHS trust recognised that the Finance function was above the sector upper quartile and this was partially due to Clinical Coding which had been outsourced. However, this was viewed as an investment area which was necessary at the time to improve the income position. The NHS trust acknowledges that there may opportunities to reduce the cost. There was also recognition that closer working between Finance and Procurement and was required.

- Efficiencies have been realised surrounding HR which has been restructured and is now more streamlined with the removal of duplicated activities and manual processes, achieved in part through implementation of workforce management software such as TRAC and MyESR.

- There had been much engagement with staff through the People Information and Systems Team as evidenced in their 'Implementation of online payslips document and it was further noted that there are additional efficiencies to be utilised.

- The Estates and Facilities cost per m2 has reduced from 2016/17 level of £411/m2 to a 2017/18 level of £371/m2. This is due to investment in infrastructure to reduce backlog maintenance, keep the building safe, operationally sound and reduce risk. The last two years have presented significant opportunity including consolidating Finance and HR to one site which has shown as an increase in non-clinical space on model hospital data.

- Food costs appear high however there have been investments across catering and menu changes which had improved the quality and patient satisfaction, identified through PLACE surveys. However, it was recognised that other areas within PLACE needed addressing such as ward moves, where the scores do not compare well.

- STP work has produced efficiencies within linen / laundry which has sustained a financial gain and further work is expected surrounding utilities across a single package, including water, gas and electric. To facilitate this, Procurement and Estates also meet weekly and evaluate Value for Money (VFM) on contracts, such as provision of beds which has reduced costs following subsequent negotiation. In addition, a number of commercial partnerships have been explored surrounding retail opportunities and income is expected to be realised through these ventures.

- Recycling rates appear low and this is recognised, however schemes were explained to improve this and further work is required to develop a consistent and sustainable approach. Portering servicing is near the benchmark however the NHS trust expressed their desire to improve this area due to its patient facing nature and introduce a turnkey portering system.

- In terms of lighting, half of the site is currently adopted on LED lighting. Capital allocation has been secured for enhanced LED lighting applications which will produce efficiencies across maintenance and energy running costs and evidence was produced to confirm this funding.

- The NHS trust is carrying a high backlog maintenance in relation to peer NHS trusts with a total backlog per square meter of £476/m2 against a peer median of £182/m2. There is a significant backlog of maintenance c£105M which is being managed via a risk register and includes clinical consultation programmes to establish the level of importance and priority. There is a balance between this aspect and consideration of a future new hospital. Loan applications have been made with to fund ED refurbishment and winter wards for 2018/19, with further provision planned in 2019/20.

- The NHS trust has had little engagement with NHS Improvement procurement initiatives in previous years and consequently is ranked in the lowest quartile of the national procurement league table. In addition, engagement with stakeholders was poor and brought little value to the organisation. This was also verified in an earlier Procurement Review carried out by the NHSI Regional Head of Procurement. However, following significant changes in personnel and a greater emphasis on the Procurement Metrics, there has been an improvement from 136 to 129 and the NHS trust has achieved level 1 procurement standards. The NHS trust however remains low in the league table and will need to the maintain focus on improving its procurement processes

- The department is now submitting regular metrics and data to PPIB and has a board approved Procurement Strategy which is driving change, these include; implementation of procurement dashboard, improved clinical engagement, submission of CIP workplan and development of a contract register.

- The NHS trust has implemented an e-Tender system which has replaced paper tenders and widened potential supplier access, with the ability to perform e-auctions. A Dashboard system has also been enabled offering improved analytics and benchmarking, in conjunction with continued use of national benchmarking data.

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

The NHS trust's financial position improved in 2018/19 mainly due to improved performance against CIP, reduced agency spend and improved income recovery. The NHS trust is forecasting delivery of its 2018/19 control total with a positive variance to Plan of £0.5m. However further work is required to ensure a higher portion of recurrent savings in the CIP programme

- In 2017/18 the NHS trust reported a deficit of £31.6 million (excluding STF) against a control total deficit and plan of £29.1 million (excluding STF). Including STF, the NHS trust delivered a deficit of £28.4 million against a control total and plan deficit of £21.6 million.

- For 2018/19 the NHS trust has a deficit control total and plan of £28.5 million (excluding PSF), at month 12, the NHS trust has reported a deficit of £28.0 million (12.84% of turnover), a positive variance to control total of £0.5 million. Including PSF the reported position improves to £16.5 million deficit (7.4% of turnover) This is a notable improvement from the previous year, and is mainly due to better performance against CIP, reduced agency spend and improved income recovery. The NHS trust implemented more effective finance business partnering models which contributed to the improvements. This progress needs to be maintained as the deficit is still significant.

- For 2018/19, the NHS trust has a cost improvement programme (CIP) plan of £10.0 million (full year effect) or 3.88% of its expenditure. At month 12, the NHS trust is reporting delivery of £12.1 million (4.55% of expenditure), a positive variance to Plan of £2.1 million. The NHS trust delivered £9.2 million (3.66%) against a Plan of £8.0 million in the previous financial year, of which 43% were non-recurrent. £3.8 million (31%) of CIPs have been delivered non-recurrently in 2018/19 against a planned value of £2.2 million. Non-recurrent CIPs are mainly the result of holding vacancies.

- The NHS trust has improved its underlying financial position from a £32.6 million deficit in 2017/18 to a £30.9m deficit. This has largely been achieved through reduction in agency pay costs and improved recurrent CIP delivery.

- The NHS trust has low cash reserves maintaining a minimum cash balance of £1.0 million. This is reflected in its capital service capacity indicator at negative 8.07 and its negative liquidity metric (minus 96.72 days). The NHS trust is reliant on short-term loans to maintain positive cash balances.

- Service Line Reporting (SLR) is not fully embedded within the NHS trust; however, there is some evidence of it being used to support decision-making. Service line reporting information was used as part of the integrated MSK programme to determine the costs of providing the secondary care element of the pathway and how those costs could change with changes to activity. This is being used to assess the financial risk associated with signing up to a multi-year block funding arrangement. A triangulation exercise has also been completed between Service Line Reporting, Reference Costs and Model Hospital for each Specialty to understand if there are any common themes that could identify and help realise improvement opportunities. The findings are currently being discussed with the Services for validity.

- The NHS trust does not have any material commercial income streams; however, it has increased commercial income by c£0.1 million per annum through remodelling of its entrance and improving retail facilities within. Internal audit has also undertaken a review on private patient income and overseas visitors' income; however, again, this is low value. The NHS trust has also reviewed leases held as a lessee and car-parking arrangements. This has also resulted in recurrent benefits to the NHS trust.

- The NHS trust has improved its performance in clinical coding. There has been investment in this area and coding performance now compares favourably to peers. External consultancy has been used to support this work and there is now a Coding Improvement Plan in place.

- The NHS trust has used management consultants to support improved performance around income coding; however, it does not routinely use management consultants to support normal business or PMO functions.

Outstanding practice

- The NHS trust has implemented a very robust and effective process to control use of premium medical agency staff, known as the 10 -point plan. This was issued to senior managers in the organisation and provides clear guidance and expectations of medical agency use and sign off processes. It has ensured better use of substantive staff and reduction in agency spend from 8.10% (2017/18) to 5.33% (2018/19) of pay costs.

- The NHS trust implemented a finance business partnering model, which has led to better financial management practices in operational divisions and improved expenditure controls, contributing to an overall improvement in the financial position from 15.08% of turnover in 2017/18 to 12.84% in 2018/19

Areas for improvement

- Some nursing staff groups (band 5) have significantly high vacancy rates, which is an area of concern and will require continued focus.
- The NHS trust should ensure that improvements in emergency readmissions are replicated in other specialities.
- The NHS trust should progress working towards being part of network pathology services
- The NHS trust should continue focusing on driving efficiencies in its back-office services
- The NHS trust has taken actions to reduce its underlying deficit and should maintain the focus on achieving financial balance.

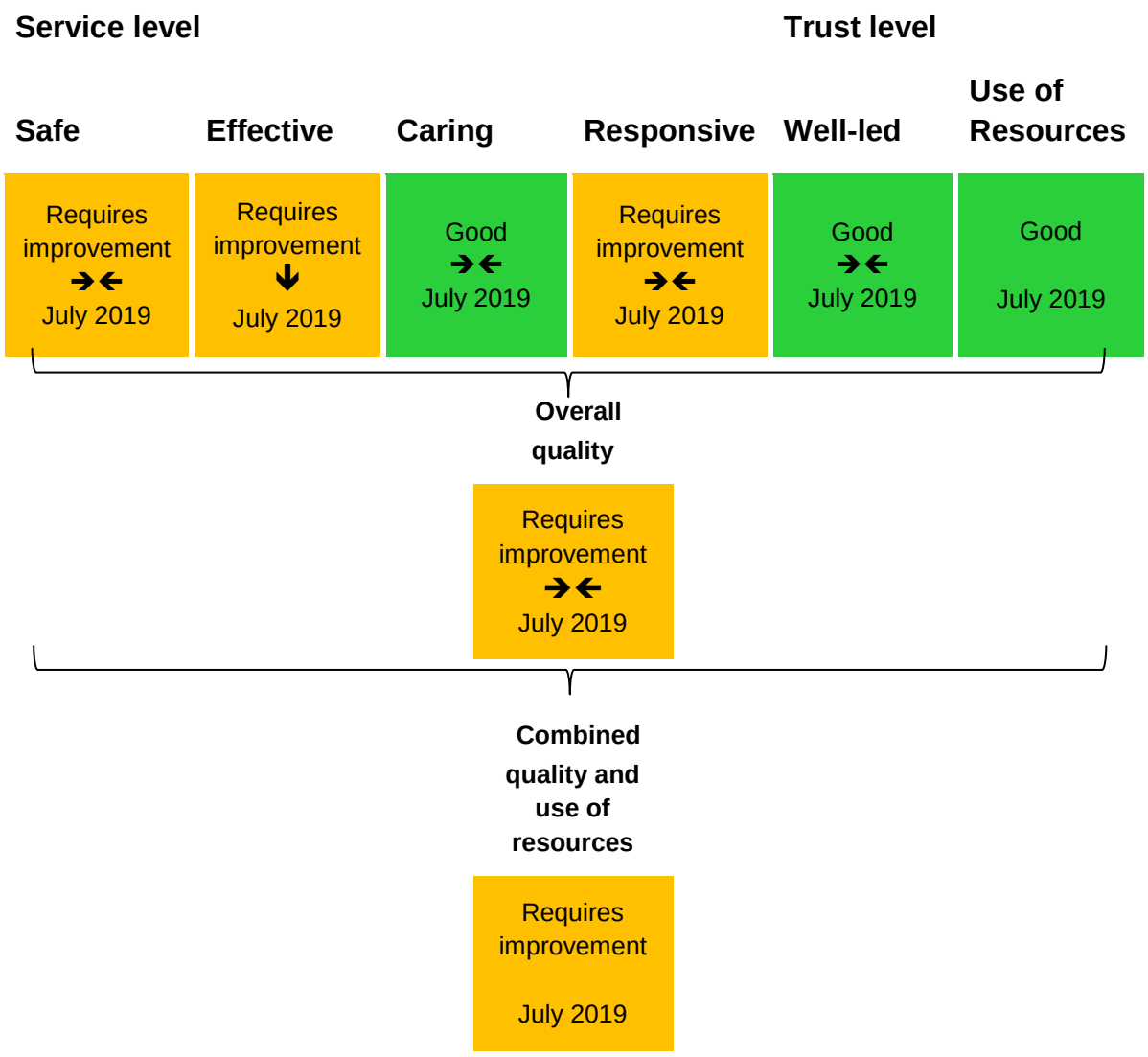
Ratings tables

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.

Ratings for the whole trust



Use of Resources report glossary

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

Diagnostic 6-week wait target	According to this national target, at least 99% of patients should wait no longer than 6 weeks for a diagnostic procedure.
Did not attend (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 NHS trust save costs on unconfirmed appointments and increase system efficiency.
Distance from financial plan	This metric measures the variance between the NHS trust's annual financial plan and its actual performance. NHS trusts are expected to be on, or ahead, of financial plan, to ensure the sector achieves, or exceeds, its annual forecast. Being behind plan may be the result of poor financial management, poor financial planning or both.
Doctors cost per WAU	This is a doctor specific version of the pay cost per WAU metric. This allows NHS trusts to query why their doctor pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Delayed transfers of care (DTOC)	A DTOC from acute or non-acute care occurs when a patient is ready to depart from such care is still occupying a bed. This happens for a number of reasons, such as awaiting completion of assessment, public funding, further non-acute NHS care, residential home placement or availability, or care package in own home, or due to patient or family choice.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation divided by total revenue. This is a measurement of an organisation's operating profitability as a percentage of its total revenue.
Emergency readmissions	This metric looks at the number of emergency readmissions within 30 days of the original procedure/stay, and the associated financial opportunity of reducing this number. The percentage of patients readmitted to hospital within 30 days of discharge can be an indicator of the quality of care received during the first admission and how appropriate the original decision made to discharge was.
Electronic staff record (ESR)	ESR is an electronic human resources and payroll database system used by the NHS to manage its staff.
Estates cost per square metre	This metric examines the overall cost-effectiveness of the NHS trust's estates, looking at the cost per square metre. The aim is to reduce property costs relative to those paid by peers over time.
Finance cost per £100 million turnover	This metric shows the annual cost of the finance department for each £100 million of NHS 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 is a national programme designed to improve medical care within the NHS by reducing unwarranted variations.

(GIRFT) programme	
Human Resources (HR) cost per £100 million turnover	This metric shows the annual cost of the NHS trust's HR department for each £100 million of NHS trust turnover. A low value is preferable to a high value but the quality and efficiency of the department's services should also be considered.
Income and expenditure (I&E) margin	This metric measures the degree to which an organisation is operating at a surplus or deficit. Operating at a sustained deficit indicates that a provider may not be financially viable or sustainable.
Key line of enquiry (KLOE)	KLOEs are high-level questions around which the Use of Resources assessment framework is based and the lens through which NHS trust performance on Use of Resources should be seen.
Liquidity (days)	This metric measures the days of operating costs held in cash or cash equivalent forms. This reflects the provider's ability to pay staff and suppliers in the immediate term. Providers should maintain a positive number of days of liquidity.
Model Hospital	The Model Hospital is a digital tool designed to help NHS providers improve their productivity and efficiency. It gives NHS trusts information on key performance metrics, from board to ward, advises them on the most efficient allocation of resources and allows them to measure performance against one another using data, benchmarks and good practice to identify what good looks like.
Non-pay cost per WAU	This metric shows the non-staff element of NHS trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS trust spends less per standardised unit of activity than other NHS trusts. This allows NHS trusts to investigate why their non-pay spend is higher or lower than national peers.
Nurses cost per WAU	This is a nurse specific version of the pay cost per WAU metric. This allows NHS trusts to query why their nurse pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Overall cost per test	The cost per test is the average cost of undertaking one pathology test across all disciplines, taking into account all pay and non-pay cost items. Low value is preferable to a high value but the mix of tests across disciplines and the specialist nature of work undertaken should be considered. This should be done by selecting the appropriate peer group ('Pathology') on the Model Hospital. Other metrics to consider are discipline level cost per test.
Pay cost per WAU	This metric shows the staff element of NHS trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS trust spends less on staff per standardised unit of activity than other NHS trusts. This allows NHS trusts to investigate why their pay is higher or lower than national peers.

Peer group	Peer group is defined by the NHS trust's size according to spend for benchmarking purposes.
Private Finance Initiative (PFI)	PFI is a procurement method which uses private sector investment in order to deliver infrastructure and/or services for the public sector.
Patient-level costs	Patient-level costs are calculated by tracing resources actually used by a patient and associated costs
Pre-procedure elective bed 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 NHS trust's procurement process. It provides a combined score of 5 individual metrics which assess both engagement with price benchmarking (the process element) and the prices secured for the goods purchased compared to other NHS trusts (the performance element). A high score indicates that the procurement function of the NHS trust is efficient and is performing well in securing the best prices.
Sickness absence	High levels of staff sickness absence can have a negative impact on organisational performance and productivity. Organisations should aim to reduce the number of days lost through sickness absence over time.
Single Oversight Framework (SOF)	The Single Oversight Framework (SOF) sets out how NHS Improvement oversees NHS trusts and NHS foundation NHS trusts, using a consistent approach. It helps NHS Improvement to determine the type and level of support that NHS trusts need to meet the requirements in the Framework.
Service line reporting (SLR)	SLR brings together the income generated by services and the costs associated with providing that service to patients for each operational unit. Management of service lines enables NHS trusts to better understand the combined view of resources, costs and income, and hence profit and loss, by service line or speciality rather than at NHS trust or directorate level.
Supporting Professional Activities (SPA)	Activities that underpin direct clinical care, such as training, medical education, continuing professional development, formal teaching, audit, job planning, appraisal, research, clinical management and local clinical governance activities.
Sustainability and Transformation Fund (STF)	The Sustainability and Transformation Fund provides funding to support and incentivise the sustainable provision of efficient, effective and economic NHS services based on financial and operational performance.

Staff retention rate	This metric considers the stability of the workforce. Some turnover in an organisation is acceptable and healthy, but a high level can have a negative impact on organisational performance (eg through loss of capacity, skills and knowledge). In most circumstances organisations should seek to reduce the percentage of leavers over time.
Top Ten Medicines	Top Ten Medicines, linked with the Medicines Value Programme, sets NHS trusts specific monthly savings targets related to their choice of medicines. This includes the uptake of biosimilar medicines, the use of new generic medicines and choice of product for clinical reasons. These metrics report NHS trusts' % achievement against these targets. NHS trusts can assess their success in pursuing these savings (relative to national peers).
Weighted activity unit (WAU)	The weighted activity unit is a measure of activity where one WAU is a unit of hospital activity equivalent to an average elective inpatient stay.