University Hospitals Birmingham NHS Foundation Trust

Use of Resources assessment report

Queen Elizabeth Hospital Birmingham
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Date of publication: 13 February 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	**Not rated**
Are services safe?	**Good** ●
Are services effective?	**Good** ●
Are services caring?	**Good** ●
Are services responsive?	**Good** ●
Are services well-led?	**Outstanding** ☆

We did not provide an overall quality. All other ratings are based on what we found when we inspected, and other information available to us. You can find information about these ratings in our inspection report for this trust and in the related evidence appendix. (See www.cqc.org.uk/provider/RRK/reports)

Are resources used productively?	**Not rated**

Combined rating for quality and use of resources	**Not rated**

Use of Resources assessment

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

We have not taken the previous ratings of services at Heart of England NHS Foundation Trust into account when aggregating the trust's overall rating. CQC's revised inspection methodology states when a trust acquires or merges with another service or trust in order to improve the quality and safety of care, we will not aggregate ratings from the previously separate services or providers at trust level for up to two years. During this time, we would expect the trust to demonstrate that they are taking appropriate action to improve quality and safety.

We have aggregated the overall rating for Queen Elizabeth Hospital, taking into account the previous ratings of core services we did not inspect this time. Well-led rating for trust overall is a standalone rating and does not take into account aggregated core service well led ratings as we did previously.

Given that this was the first use of resource assessment following acquisition we have not rated the use of resources at this inspection.

University Hospitals of Birmingham NHS Foundation trust

Use of Resources assessment report

Queen Elizabeth Hospital Birmingham
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Telephone: 0121 371 2000
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Date of site visit:
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In April 2018, a single NHS trust was formed through a merger by acquisition, bringing together the former University Hospitals Birmingham NHS Foundation Trust (UHB) which previously run Queen Elizabeth Hospital in Birmingham (QEH), and the former Heart of England NHS Foundation Trust (HEFT) which previously managed Heartlands, Good Hope and Solihull Hospitals (HGS). Prior to the merger in October 2015, the UHB management had been appointed to the HEFT's executive team to provide leadership capacity and capability with the aim of driving improvements at the former HEFT, which had experienced sustained difficulties in governance, quality of care and finances since 2012. A number of benefits were realised as a result of this intervention, making a strong case for the continued presence of the UHB management at HEFT to maintain the improvements, hence the merger. The new organisation uses the name University Hospitals Birmingham NHS Foundation trust and will be referred to as the NHS trust in this report.

As the acquisition took place in April 2018, and some services had recently been acquired, at the time of this assessment, not all the data required was available for University Hospitals Birmingham NHS Foundation Trust as a single entity. We are therefore unable to rate their use of resources and there is no combined rating for this trust. Where data is included from the acquired trust (because no new data is available), it is provided for contextual purposes only

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

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 15th November 2018 and met the NHS trust's executive team (including the chief executive), the NHS trust's 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?

Since the merger on April 2018, the NHS trust has been working towards stabilising the financial performance at the former HEFT sites, consolidating management of key specialties and standardising processes to share good practice across the sites. At the time of the assessment in November 2018, it was too early to assess the clinical productivity benefits of the ongoing consolidation work, however the NHS trust was able to demonstrate achievement of procurement and back office consolidation efficiencies, and a more stable financial performance overall.

- There are key differences in the service and activity profiles of the two predecessor trusts, with the former UHB (a tertiary hospital) having a higher proportion of specialised services, which constitute 56% of its contract income compared to 19% for the former HEFT. The assessment recognises that the relatively higher levels of specialist activity have an incremental impact on some of the cost metrics for instance, medicines and medical staffing costs. For these areas, we have compared the NHS trust's performance to a peer group of NHS trusts which have similar activity profiles.
- For 2017/18, the former UHB reported a financial position that was better than its control total, but the former HEFT did not meet its control total and its financial position was deteriorating. At the time of the assessment in November 2018, the NHS trust was reporting a financial position that is within plan and on track to deliver a forecast of £61 million deficit (without PSF) and £38 million deficit with PSF. By delivering this forecast, the NHS trust will be successful in maintaining the former UHB's financial performance and stabilising the former HEFT's financial position, thereby satisfying conditions associated with the merger.
- The NHS trust is reporting procurement savings of £6.6 million achieved through standardisation of best value products and contracts between the predecessor NHS trusts.
- Pathology services at the NHS trust represent good value for money and there are indications of good progress in consolidating provision across the predecessor NHS trust sites, with further work being undertaken to maximise use of the combined pathology capacity, by providing services to other neighbouring NHS trusts in Birmingham and Solihull.
- The total savings achieved by the NHS trust from switching to biosimilar drugs is £4.5 million (2018/19) placing it in the top quartile nationally. There are opportunities however

for further drug savings at the former UHB NHS trust which benchmarks higher than its peers and is in the highest cost quartile for medicines spend.

- There appears to be some variation in clinical services productivity between the two predecessor NHS trusts, for instance more patients are waiting in hospital for surgical procedures at the former UHB site, whereas there is a higher number of missed clinic appointments at the former HEFT sites. Whilst some of this variation can be explained by the higher proportion of specialised activities at former UHB, it also indicates that there are opportunities for productivity improvements, and the NHS trust is working to share good practice across its sites, to address the variations.
- Both sites however, have higher readmission rates and delayed transfers of care (DTOCs) compared to other NHS trusts nationally. System factors external to the NHS trust have contributed to the high DTOCs position, but the NHS trust is reviewing its internal processes and is working with partners to improve the high DTOCs rates.
- Workforce productivity remains a challenge at the former HEFT sites with high vacancy and sickness rates, low staff retention rates and rising agency spend. This situation was exacerbated by the delay in the merger. The NHS trust is implementing a workforce alignment strategy, with workstreams for recruitment and retention, standardising workforce deployment, and introducing more effective health and wellbeing initiatives at the former HEFT sites. It was too early to assess the impact of these initiatives.
- The cost per square metre for the QE estate benchmarks in the most expensive quartile nationally. The trust attributes the high costs to the Private Finance initiative (PFI) arrangements for this site. Other productivity measures however, benchmark lower than national median for instance maintenance backlog, critical infrastructure risk and soft facilities management costs.
- Although the overall cost per square metre for the former HEFT sites benchmarks below the national median, there is a significant backlog with a critical infrastructure risk of £29.3 million, and the soft facilities management costs also benchmark above national median. Work is underway to transfer the good practice and best value contracts within soft facilities management to the former HEFT sites.

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

There are opportunities for improving clinical services productivity across the different sites and the NHS trust is working to secure some of these improvements through transfer of good practice across its sites and implementing GIRFT recommendations.

- At the time of the assessment in November 2018, the NHS trust was not meeting most of the constitutional operational performance standards. The NHS trust has consistently met the 6-week diagnostic target and performance was 99.49% against a national standard of 99%. Referral to Treatment (RTT) incomplete pathways was 87.8% which is below the national standard of 92%, and A&E 4-hour wait at 79% is below the standard of 95%. Performance against Cancer standards for 62-day urgent referrals and 62-day screening was 80.7% and 88.1% against national standards of 85% and 90% respectively.
- Pre-procedure bed days for elective and non-elective care for the former UHB benchmark in the worst quartile nationally, indicating that more patients may be staying in hospital unnecessarily before their surgery when compared with other NHS trusts nationally. Pre-procedure bed days for elective procedures are 0.46 days compared to

the national median of 0.11 days and for non-elective,1.45 days compared to the national median of 0.69 days.

- The NHS trust attributes this performance partly to its higher proportion of complex surgeries which would require admission before the day of surgery. The NHS trust also consciously admits some patients prior to their day of surgery, to reduce cancellation rates and late theatre starts, and therefore improve theatre utilisation.
- Evidence provided by the NHS trust demonstrated a reduction in short notice cancellations due to shortage of beds and a reduction in late theatre starts for some specialities, although there was no evidence that improvements were directly linked to admission of patients prior to their surgery.
- The NHS trust recognised that there is further work required to ensure patients are not waiting in hospital longer than necessary before their surgery at the QE site and is working to improve day case rates which are below national median of 77.4%. Day case rates for the predecessor sites are 71.9% for the former UHB site and 70.4% for the former HEFT.
- Pre-procedure bed days for the former HEFT benchmark in the best quartile for elective procedures and slightly above (better) national average for non- elective procedures, with an improving trend.
- Delayed transfers of care remain higher than national average for the NHS trust, as was the case with both predecessor NHS trusts. For October 2018, the DTOC rate for the NHS trust was 4.5% compared to the national standard of 3.5%. An independent study commissioned by the Birmingham city council indicates that system factors contribute to this position, for instance, out of hospital care provision across Birmingham and Solihull is fragmented with a tendency for bed-based care rather than a home first approach.
- There have been initiatives which have delivered some improvements such as use of a NHS trusted assessor model of care which prevents repeated assessments of patients from taking place, and better engagement with patient's families in relation to discharge destination and continuing care options. A new model of working is being developed in the region which is expected support improved home care services for older people
- The Did Not Attend (DNA) rates vary across the predecessor sites, with the former HEFT sites (10.7%) benchmarking in the worst quartile nationally and former UHB site being slightly above national median (7.12%) for period April to June 2018, (the national median is 7.02%). The NHS trust has identified the key specialities driving high DNA rates at the former HEFT sites as Ophthalmology and Orthopaedics (hands) and plans to standardise processes across its sites, transferring good practice to the HEFT sites. This includes use of a more effective appointment letter distribution and tracking system, supported by a two-way patient text reminder system.
- Patients are more likely to require additional medical treatment for the same condition at this NHS trust compared to most other NHS trusts. The readmission rates for both sites benchmark above national average with former UHB site in the worst quartile nationally. For June 2018, the former UHB rate is 9.72%, and HEFT rate is 8.43%, with the national median at 7.64%.
- The NHS trust attributes some of the readmissions at the UHB site to tertiary patients who have previously received treatment at other NHS trusts, being admitted to QE as the only option. Although the NHS trust demonstrated that there are detailed reviews of patients who have been readmitted, with directorates being responsible for undertaking quarterly audits, there was no evidence of improvements to readmissions as a result of these actions.

- The NHS trust provided several examples of using Getting It Right First Time (GIRFT) recommendations to drive productivity improvements, for instance they have converted Endovascular aneurysm repair (EVAR) procedure from elective inpatient to day case surgery. This is improving patient experience and releases bed capacity.

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

There is still variation in workforce productivity across the NHS trust's sites and it has begun a workforce alignment process to address this. The NHS trust is also putting in place measures to address the specific workforce challenges at the former HEFT sites, the impact of which is yet to be realised.

- For 2016/17, the overall cost per WAU for both predecessor NHS trusts is better than the national median of £2,157. The former UHB had an overall pay cost of £2,053, placing it in the second-best cost quartile and the former HEFT had an overall pay cost of £1,952, placing it in the best cost quartile nationally. This means that they both spend less on pay per unit of activity than most NHS trusts
- The former UHB medical WAU however, benchmarks in the highest cost quartile nationally at £572. The NHS trust attributes this to the complexity of their specialist work as a tertiary referral centre. Comparison with the former UHB peer group, shows that medical staff costs benchmark higher than most of its peers. We believe further investigation of this variation in association with patient outcomes is necessary.
- The NHS trust is working towards a standard job planning approach across its sites. 89% of consultants have an active job plan at the former UHB site and 52% of the former HEFT consultant job plans have been reviewed to ensure consistency in approach. The predecessor NHS trusts had different systems for job planning which are still in use, but the NHS trust expects to replace these with a single system.
- E-rostering for nurses is in place at the former HEFT sites and was introduced to the former UHB's core in-patient ward areas in June 2017. A post implementation group is working to standardise the approach and use of this system within all areas. The NHS trust provided high level information on the suite of e-roster KPIs that are monitored by the Executive Chief Nurse to ensure effective rota management. The NHS trust does not have e-roster systems in place for staff groups outside of nursing.
- Nurse staffing levels overall are broadly consistent with most other NHS trusts, as indicated by the Care Hours per Patient Day (CHPPD). This metric is a calculated value to provide a single consistent way of recording and reporting deployment of staff working on inpatient wards and departments. For 2017/18, CHPPD for former UHB is 7.8 and for former HEFT is 7.3 (national median value is 7.58).
- Overall agency spend has increased compared to the previous year and is forecast to be above the agency ceiling set by NHS Improvement and the internal NHS trust's plan. Comparing the first six months of 2018/19 with the same period last financial year, agency spend has risen by £6.7 million. The current forecast is £47.1 million compared to an internal NHS trust plan of £44.5 million and agency ceiling of £35.1 million. The increase is agency spend is driven by vacancies, primarily at the former HEFT sites. The NHS trust cited the delayed merger (and resulting uncertainty) as the major contributory factor to the increase in vacancy levels at the former HEFT.
- The use of agency has however, reduced at the former UHB site largely due to improvements within its nursing workforce. There are plans to further reduce overall agency costs which include, rationalising the agency supplier base from November 2018, implementing direct engagement arrangements for AHP and medical staff, increasing the

use of bank over agency and improve recruitment rates. This NHS trust does not have collaborative medical bank arrangements with neighbouring organisations.

- Vacancy rates at the former HEFT sites are above national averages with the highest rates reported against medical and registered nursing staff categories, which are all above 19%. The former UHB site has comparably lower vacancy rates, except for non-registered nursing. At October 2018, the overall vacancy rate for the former UHB site was 6.7% and HEFT sites 14.6%, compared to a national average of 9.2%.
- The staff retention rate is a measure of stability of the workforce in an organisation. The overall retention rate for former UHB sites has improved from 84.4% in May 2017 to 86.1% in May 2018, which is above the median of 85.5%. For the former HEFT the retention rates showed a slight deterioration since May 2017, from 84.3% to 84.2% in February 2018 (being the latest data available) and it remains below the national median of 85.7%. The delay in the merger was a contributory factor to this deterioration.
- The overall sickness absence rates are worse than national median. The former UHB site had a sickness absence rate of 4.31% at March 2018 slightly above the national median 4%, and HEFT 5.78% for January 2018 (being the latest data available) compared to the median of 4.98%. To address this, the NHS trust has implemented improved sickness absence management measures and undertaken engagement work targeted at staff groups with the highest rates of sickness absence.
- The NHS trust is using alternative workforce models and new roles such as Advanced Care Practitioner (ACP), Physician Associates and Anaesthetic Practitioner, and demonstrated some of the benefits realised for instance, the nurse-led service in ophthalmology at the UHB has freed up medical time. The NHS trust also uses radiographers to provide increased reporting capacity within imaging services.
- The NHS trust has embarked upon a number of workforce alignment initiatives to address workforce challenges described above, these include workstreams for recruitment and retention, new roles, and implementing health and wellbeing initiatives at the former HEFT sites. The NHS trust is optimistic that their approach to harmonise and standardise approaches within all NHS trust sites will be beneficial. It was too early to assess the impact of these initiatives.
- The NHS trust is in the process of implementing the Band 4 Nurse Associate role, with the first group of trainees due to graduate into the workforce in April 2019. The NHS trust is applying incentives to retain this group of staff and has plans to scale up the numbers of staff commencing this programme of training from April 2019.

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

The NHS trust's pathology provision represents good value for money with evidence of continued productivity improvements. Although the NHS trust has progressed well in switching patients to biosimilars and is delivering savings identified within the top ten medicines programme, benchmark information indicates that there are still opportunities for savings against other medicines spend, in particular high cost medicines at the former UHB site.

- The NHS trust has made progress in consolidating pathology services to ensure that economies of scale are maximised. Preparatory work has been substantially completed to make the IT and other equipment compatible, to standardise testing procedures, and to identify how additional work can be accommodated within the existing facilities.

- The pathology tracks are already running almost 24 hours a day, the consolidation arrangements that have been started will make them even more productive by bringing in testing from the Royal Orthopaedic Hospital and the Birmingham Women's and Children's Hospital Foundation NHS trust, as well as tests currently carried out outside the NHS.
- The former UHB's pharmacy, staff and medicines cost per WAU was £680 for 2016/17. This is the 2nd highest in the country. It is significantly above the national median of £354 and the median for the former UHB peer group, which is £527.
- The 2016/17 cost per WAU for high cost medicines was the 5th highest in the country and for non-high cost medicines was the 2nd highest in the country. The use of expensive medicines in treatments which are exclusively provided by a few tertiary hospitals explains some of this variation however, as the NHS trust's spend benchmarks higher than its peer group, this also indicates that there may be opportunities to reduce its expenditure in on medicines.
- For the former HEFT NHS trust, the 2016/17 pharmacy and staff medicines cost per WAU was £353 which was very close to the national average of £354, and this relative position was consistent for non-high cost medicines cost per WAU which was slightly below average, whereas high cost medicines cost per WAU were slightly above average.
- In respect of the non-medicine pharmacy spending, the NHS trust reports that it has invested in its pharmacy operations and has expanded the use of technician-based drug administration. As a result, the availability of medicines when patients are ready to be discharged has been improved, thus speeding up discharge.
- In 2017, as part of the Top Ten Medicines initiative, the former HEFT made a relatively slow start in switching patients to best value biosimilar medicines as they waited to negotiate a gain share arrangement with the commissioners, however in 2018/19, to date the newly merged NHS trust has saved over £4.5 million for the health economy by switching to biosimilar medicines. This would place the NHS trust in the best performing quartile.
- The NHS trust has developed the Regional Image Sharing Platform. This allows acute care organisations to share images with other providers, allowing remote clinicians to make informed decisions and reduces unnecessary re-imaging and attendances. This improves patient care and experience.
- The benchmarking information in the Model Hospital shows that the imaging pay cost per report is the third highest in the England for 2017/18. The NHS trust has identified that this does not take account of the work of its fourteen interventional radiologists, who spend significant amount of time on direct patient care, due to the nature of some of the NHS trust's specialist activity.
- The age and reliability of some of the NHS trust's imaging equipment, particularly on the sites operated by the former HEFT, are adversely affecting productivity. At the end of the 2016/17 financial year, on the former HEFT sites, 41% of static X-Ray machines and 25% of MRI scanners were over 10 years old. The down times of the power and equipment mean that machines are not always running when patients and staff need them, and this leads to more missed appointments and a reporting backlog.

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

Following the merger, the NHS trust has been able to identify procurement savings and is in the process of standardising soft facilities management provision across its sites to address unwarranted variations in cost. The high estates maintenance backlog and associated critical infrastructure risk at HEFT sites however, remain a challenge to addressed.

- For 2017/18, the overall non-pay cost per WAU was £1,915 compared with a national median of £1,307 and peer group median of £1623. A breakdown of the cost per WAU shows the key drivers of the high cost as supplies and services and medicine costs. The NHS trust's analysis of the 2016/17 non-pay cost per WAU also shows that in addition to above, costs of the outsourced renal dialysis services also contribute to the NHS trust's high non-pay costs. A high proportion of these costs would normally be part of the NHS trust's pay expenditure, if the services were provided in-house. The former HEFT had an overall non-pay cost per WAU of £1223 and benchmarks below national median.

- The supplies and services cost per WAU in 2016/17 was £547 for the former UHB and £425 for the former HEFT. Both these are significantly above the national average of £375. The supplies and services cost per WAU in 2017/18 for former UHB was the fourth highest in England.

- Since the merger, the NHS trust is reporting savings of £6.6 million achieved through procurement. Some of this has been achieved through economies of scale and some through taking the best contracts from each of the predecessor NHS trusts. Examples of particularly successful contract renegotiations that have delivered savings include orthopaedic prosthesis, laundry and disposable gloves.

- To assist with contract re-negotiations for supplies and services, the NHS trust has also made use of the NHSi Purchasing Price Index Benchmark tool. NHS Improvement usage statistics suggest that the NHS trust is in the highest quartile in its usage, and the price performance score as calculated by NHSi is the 16th best in the country. Three of the five NHS Improvement procurement price performance metrics for the NHS trust are in the best quartile nationally. This indicates that the NHS trust is achieving good prices for many of its supplies and services. However, the NHS trust is 109 out of 136, in the NHS Improvement Procurement League Table, indicating that there may be opportunities to drive down its non-pay costs further.

- The 2017/18 estates and facilities costs per square metre for this £563 per m^2, for the former UHB, which is in the most expensive quartile nationally and above the national average of £379.This contrasts with the former HEFT where the cost per m^2 was significantly less at £275. The PFI costs are a key contributor to the high cost at the former UHB site.

- The low level of investment in the former HEFT infrastructure in recent years has resulted in very high levels of backlog maintenance at £422 per m^2 and critical infrastructure risk of £140 per m^2. Both these metrics are significantly worse than the NHS Improvement suggested benchmarks of £254 and £102 per m^2 respectively. At the former HEFT sites, this equates to a critical infrastructure risk of £29.3 million. The high cost of running the estate at the former UHB is largely due to the PFI arrangements. Levels of backlog maintenance and critical infrastructure risk for the former UHB site however, are all in the lowest (best) quartile.

- The soft facilities management cost per WAU in 2017/18 was £107 at the former UHB site, which is better than average and £149 at the former HEFT sites which is in the most expensive quartile.

- Food costs per meal in 2017/18 were below average, and the newly merged NHS trust made plans to take the best contracts from the two predecessor NHS trusts, to minimise soft facilities management costs in respect of catering supplies.
- The cost of running corporate services across the sites is variable. The former UHB corporate services costs relative to turnover are below national median, whereas the former HEFT costs are above national median. Following the merger, the NHS trust has taken steps to reduce duplication and therefore reduce costs.
- The NHS trust also has good examples of taking opportunities maximise use of its back-office service capacity for example, it provides payroll, pensions and expenses service to around 20 other NHS organisations.

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

The NHS trust is on track to deliver its control this year. It has not required cash support to fund its operations and is paying its suppliers promptly.

- For 2017/18 and prior to the merger, the former UHB's reported financial position was better than plan and control total. The NHS trust reported a deficit of £1.1 million against a plan and control total of £3.9 million deficit before STF, and a £24 million surplus against a plan of £13 million surplus after STF.
- The former HEFT's reported financial position was however, significantly worse than plan and control total. It reported a deficit of £58.7 million compared to a plan of £28.8 million deficit before STF. This was driven by a number of factors which included under delivery against CIP target and loss of income (following displacement of elective activity due to non-elective demand pressures). As a result of failing to meet the control total and other performance standards, the NHS trust did not receive the full value of STF funding. The reported position after STF was £53.7 million deficit against a plan of £7.5 million deficit.
- The main drivers of the underlying HEFT deficit were identified as lack of strong leadership and financial control, the inability to recruit nursing and medical staff (leading to dependency on temporary staff and high agency costs), reliance on non-recurrent cost improvement schemes and under recovery of income due to capacity constraints.
- For 2018/19 the NHS trust was on track to achieve a financial plan that would indicate more stable financial performance for the merged organisation. The plan is £61.8 million deficit before PSF and £38 million deficit after PSF (2.5% of turnover), and the year to date reported position at October 2018 was £35.7 million deficit, which was the same as plan.
- The NHS trust's CIP target for 2018/19 is £35.6 million and at October 2018, the NHS trust reported a cumulative CIP delivery of £16.9m (81.3% of the year to date plan), with 95%, reported to be on a recurrent basis.
- The NHS trust has not required extra cash support to fund its operations and is paying its suppliers promptly. The former UHB had good cash management and a strong cash position at the end of 2017/18, and this performance has been maintained by the merged organisation. The NHS trust has access to a loan facility of £75 million but has not made any drawdowns to date. The NHS trust's performance against the better payment practice code is better than most NHS trusts, with 98% of bills paid within target.
- The NHS trust is leveraging its existing resources to generate additional income streams through providing support services to other NHS trusts, for instance payroll services and an online benchmarking system for NHS providers and commissioners.

- Cost information including patient level costing is routinely used to understand variation in costs of activity across its service lines and to identify opportunities for productivity improvements. This practice has mainly been developed at the former UHB and capability will be transferred to the other sites.
- The NHS trust is not routinely reliant on advice from external advisors or consultants but has spent £0.6 million this year on external support and advice.

Outstanding practice

The NHS trust's development of the Regional Image Sharing Platform allows the sharing of images with other providers and reduces unnecessary re-imaging and attendances which improves patient care and experience.

Areas for improvement

We have identified scope for improvement in the following areas:

- The age and reliability of the imaging equipment, particularly on the sites operated by the former Heart of England Foundation NHS trust may be adversely affecting productivity.
- The backlog maintenance and critical infrastructure risk on the sites operated by the former HEFT is high and needs to be reduced so that patient safety does not become compromised in future.
- The level of laundry usage relative to activity appears to be relatively high at both former NHS trusts, and there may be opportunities to reduce this and drive down costs.
- The medical costs at former UHB which benchmark higher than most NHS trusts, including its peers.
- The NHS trust to consider implementing an e roster system for staff groups other than nursing.
- This NHS trust to consider implementing collaborative medical bank arrangements with neighbouring organisations.
- The trust should work towards reducing unwarranted variations in pre-procedure bed days and readmission rates.

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) 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 NHS trust's HR department for each £100 million of NHS trust turnover. A low value is preferable to a high value

cost per £100 million turnover	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.