Weston Area Health NHS Trust

Use of Resources assessment report

Grange Road, Uphill
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Date of publication:
26 June 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	**Requires improvement**
Are services safe?	**Requires improvement**
Are services effective?	**Good**
Are services caring?	**Good**
Are services responsive?	**Requires improvement**
Are services well-led?	**Requires improvement**

Our overall quality rating combines our five trust-level quality ratings of safe, effective, caring, responsive and well-led. These ratings are based on what we found when we inspected, and other information available to us. You can find information about these ratings in our inspection report for this trust and in the related evidence appendix. (See www.cqc.org.uk/provider/RA3/reports)

Are resources used productively?	**Inadequate**

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

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

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

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

Use of Resources assessment and rating

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

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

Combined rating for Quality and Use of Resources

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

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

- At trust-wide level, we rated safe, effective, responsive and well-led as Requires improvement, caring as Good.
- The trust was rated Inadequate for use of resources. Full details of the assessment can be found on the following pages.

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Date of site visit:
6 March 2019

Date of NHS publication:
21 June 2019

This report describes NHS Improvement's assessment of how effectively this trust uses its resources. It is based on a combination of data on the trust's performance over the previous 12 months, our local intelligence, the trust's commentary on its performance, and qualitative evidence collected during a site visit comprised of a series of structured conversations with the trust's leadership team.

Are resources used productively?	**Inadequate** ●

How we carried out this assessment

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

We visited the trust on 6 March 2019 and met the trust's leadership team including the chief executive and the chair, as well as relevant senior management responsible for the areas under this assessment's KLOEs.

Summary of findings

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

We rated Use of Resources as Inadequate. The trust is the smallest non-specialist acute trust in the country which represents a significant structural challenge for the trust to improve its productivity internally. The trust board is therefore developing plans to merge with a nearby trust to effectively and efficiently sustain its services. During the year, the trust made progress in improving its clinical productivity allowing it to offer spare capacity to nearby trusts to treat their own patients quicker. Nevertheless, at the time of our assessment, the trust had the sixth worst total cost per weighted activity unit (WAU) nationally mainly driven by high pay costs as the trust experiences significant workforce recruitment and retention pressures and inability to deliver the planned recurrent cost savings as a result of poor cost improvement delivery structures. These and the pressure of non-elective activity growth during 2018/19 have contributed to the trust's significant financial deficit position which deteriorated during the year. The trust has taken measures to improve on workforce and financial grip and control, but these have yet to make a significant impact although there are early signs the trust's recurrent position has stabilised.

- The trust is the smallest non-specialist acute trust nationally and has delivered in-year financial deficits since 2013/14. The trust recognises it is unsustainable in its current form and is developing plans to merge with a local NHS trust with an indicative commencement date subject to approval by trust boards and national approvals in 2020.
- During the year, the trust has significantly improved patient flow and 4-hour performance in the last 12 months, from performance routinely in the bottom decile nationally to performance in line with or better than the national average. Through improved productivity and visibility of surgical capacity, in late 2018/19 the Trust has been able to offer capacity for orthopaedic elective surgery to patients at a neighbouring trust to help treat these patients more quickly.
- Faced with significant workforce recruitment and retention issues which has driven very high reliance and expenditure on temporary staffing, the Trust is making progress with partners on service and pathway change through the current 'Healthy Weston' public consultation, and with a local NHS trust on plans to form a single organisation through acquisition of Weston area health. Both initiatives are expected to help significantly address the sustainability challenges the trust currently faces. Despite these challenges the trust performs well on national access standards other than cancer and has continued to improve mortality rates, which are within the expected range, over the last 12 months.
- However, the trust continues to experience significant workforce pressures resulting in the worst agency cost per Weighted Activity Unit (WAU) nationally which impacts on its financial position. The trust is in a significant financial deficit position which deteriorated during 2018/19 as measures taken by the trust during the year to regain grip and control on the financial position were were superseded by winter pressures and further use of agency staff in escalated areas as measures and therefore have yet to make an impact although the trust's underlying financial position has stabilised between 2017/18 and

2018/19 around £13.5-15 million deficit. Sustained non-elective activity growth above historic levels during 2018/19 has also been a driver of increased temporary staffing costs. The rate of growth over the previous 12 months has been 7.3%, 14% for non-elective admissions compared with a national average of 5.2% with a proportionately greater increase in associated bed days. The trust has taken some important steps including establishing a new frailty service to try to mitigate the impact of this growth, however non-elective inpatient activity has remained a key driver of the material deterioration from financial plan in 2018/19.

- During our assessment, we found that the trust benchmarks generally well on clinical services metrics, being in the lowest (best) quartile nationally for pre-procedure elective and non-elective bed days and emergency readmissions and in the second-best quartile for Did Not Attend (DNA) rate and has reduced its Delayed Transfers of Care (DTOC) rate.
- The trust consistently met the 18-week referral to treatment (RTT) and diagnostic 6-week wait standards and although not meeting the 4-hour Accident & Emergency (A&E) target has delivered a material improvement during 2018/19. The trust however remains challenged in the delivery of the cancer 62-day wait.
- The trust is well engaged with the Getting It Right First Time (GIRFT) national programme to deliver clinical productivity improvements and is working within the Sustainable Transformation Partnership (STP) to deliver in partnership or reconfigure services where required.
- The trust is using the Allocate e-rostering system to deploy staff on wards and has started to align patient acuity to staffing models. The trust gave examples of innovating staffing models and most consultants have an active job plan in place. Where relevant, the trust also works within the STP to resolve common staffing issues.
- The trust benchmarks well on imaging services and in terms of pathology, having the smallest laboratory nationally, it relies on networking to deliver its services. As a case in point, it has worked with a local NHS trust to transfer histopathology services to them from April 2019. Pharmacy is an area where improvements could be made, with a higher overall medicines cost per WAU of £327 compared to the national median of £309 and a low achievement of the Top Ten medicines savings.
- The trust has an overall higher non-pay cost per WAU of £1,338 in 2017/18 compared with a national median of £1,307 although the trust under-spent on non-pay expenditure by £1.1 million compared to its financial plan in 2018/19. The trust benchmarks higher for corporate functions costs in particular Finance (£698 per £ million of turnover compared to the national median of £676), Human Resources and Information Management & Technology which reflect the small size of the trust and relatively fixed nature of corporate services costs. Procurement is an area where improvements could be made, the trust scoring low on the procurement league table. The trust benchmarks generally well on estates and facilities management.
- At the time of the assessment, the trust has the fifth worst total cost per WAU nationally in 2017/18 and has recorded a £17.5 million deficit (unaudited accounts) representing 17.1% of its turnover in 2018/19 and missing its control total. The trust has a poor track record of delivering efficiency savings in the past years. The trust has delivered £1.5 million savings (1.2% of expenditure) during 2018/19 with £1.2 million delivered recurrently, four times the level of recurrent savings delivered the previous year. The trust relies on cash support from the Department of Health and Social Care (DHSC) to deliver its financial obligations.

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

The trust benchmarks well across several clinical metrics and has consistently delivered against the 18-week referral to treatment (RTT) and diagnostic 6-week waits (diagnostics) standards. Its pre-procedure elective bed days are in the best national quartile and pre-procedure non-elective bed days and DNA rates are better than national median. The trust's 4-hour Accident & Emergency (A&E) standard performance has improved significantly over the last two years. Whilst still below the 95% standard the Trust now routinely performs better than national average performance. The trust's cancer 62-day wait (cancer) standard performance remains very challenged. The trust also has further to progress to realise the productivity opportunities identified following external reviews of its clinical services. By improving its productivity, in late 2018/19 the Trust has been able to start offering capacity for orthopaedic elective surgery to patients with very long waits at neighbouring hospitals.

- At the time of the assessment, the trust is meeting the RTT constitutional operational performance standard and has done so throughout 2018/19, with no patients waiting more than 52 weeks for treatment. The trust has successfully reduced the number of stranded and super-stranded patients, releasing elective surgical capacity which it has recently offered to neighbouring providers to address long patient waits for elective orthopaedic surgery at other hospitals in the Bristol system.
- At the time of the assessment, A&E performance has improved on prior year, but remained below the standard and the trust's improvement trajectory. The overnight closure of the trust's Emergency Department since July 2017 has not resulted in a decrease in activity with A&E attendances continuing at the pre-closure levels over a 14 hours period with continued increase of emergency admissions. The trust has improved its performance through the reduction of the number of patients staying in hospital more than 21 days and the successful introduction of an ambulatory care pathways at the front door. Patients requiring emergency care overnight are instead taken to neighbouring providers.
- Performance on cancer 62-day wait remains the trust's most significant area of under-performance against national access standards. The trust has taken several actions including increasing the operating capacity of the urology team and the outpatient capacity of the colorectal service, however, these have not yet delivered a sustainable improvement in performance. The trust is working with partners in the local health economy to increase the resilience of fragile cancer services. For example, the trust has plans to transfer breast cancer services to a local NHS trust in 2019/20.
- Patients are less likely to require additional medical treatment for the same condition at this trust compared to other trusts. At 3.38% (quarter 3 2018/19), emergency readmissions rates are well below the national median (7.86%), reflecting the trust's successful implementation of an ambulatory care pathway in A&E and its frailty geriatric emergency medicine service.
- In quarter 3 2018/19, fewer patients were staying longer into hospital prior to treatment when compared to other hospitals in England, helping to create additional bed capacity to treat patients more quickly.
    - Pre-procedure elective bed days, at 0.02 days is in the lowest (best) quartile nationally and below the national median of 0.13 days. This is helped by the trust's elective case mix which is predominately day case work where patients are admitted and discharged on the same day.

    - Pre-procedure non-elective bed days, at 0.48 days is better than the national median of 0.66. One of the drivers of this performance is the success in reducing emergency admissions.

- The Did Not Attend (DNA) rate for the trust is low at 6.27% for quarter 3 2018/19, against the national median of 7.32% placing the trust in the second lowest (best) quartile nationally. This is driven by the trust having a strong administration team that proactively contacts patients to reduce the risk of DNA.
- DTOC rates have improved during 2018/19 from 9.5% (October 2018 - at that time the highest rate of DTOCs nationally) to 2.48% (January 2019) as a result of the introduction of an integrated discharge service supported by external local partners, and system oversight and the review of stranded and super-stranded patients which have reduced the number of super stranded patients to below the trust's nationally-set target of 44 for 2018/19. The trust and its lead commissioner have recently introduced an Integrated Discharge Bureau which has been successful in reducing length of stay through agreeing up-front the responsibility of the elements of care across the pathway. However, DTOC rates have deteriorated recently (to 3.34% in February 2019) and the trust is reporting high bed occupancy rates.
- The trust has commissioned a review of its acute services to assess its clinical productivity and identify improvement opportunities. The review highlighted potential efficiency gains through reduction in length of stay and improved theatre and outpatient utilisation. Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group commissioned a subsequent review to identify a future clinically and financially sustainable model for the trust. This work has been taken forward in the Healthy Weston public consultation.
- The trust is working collaboratively within the STP to reconfigure services and deliver clinical productivity. Following a successful pilot, the trust is investing into a frailty front door service, a component of a fully integrated community/primary care model which had resulted in reducing bed capacity.
- The trust has actively engaged with the national 'Getting It Right First Time' (GIRFT) Programme for a range of services including orthopaedics, urology and most recently emergency medicine. The trust has used the findings from the programme to influence change in clinical practice to focus on reducing length of stay. The trust's transformation team are continuing to engage with NHS Improvement's GIRFT Team with a focus on workforce and medicines costs, procurement and estates utilisation as part of its Cost Improvement Plan (CIP).
- Despite the work undertaken to review services and the information on productivity available, the trust still has a high cost per WAU and did not consistently articulate, at the time of the assessment, how it is using the results of this work to improve services and service productivity. The trust, however, could demonstrate theatre productivity improvements through increased utilisation and reduced length of stay by its surgical patients.

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

The trust has the sixth worst total pay cost per WAU nationally, with costs per WAU above the national median for most staff groups and the highest agency staff cost per WAU nationally. The trust has implemented several actions to improve agency spend, retention and recruitment although to date these have not resulted in significant improvements. The trust has implemented Allocate e-rostering and consultant job plans are completed. The trust has

recently developed a workforce strategy and is engaging well with system partners to address common workforce challenges.

- For 2017/18, the trust has an overall pay cost per WAU of £2,591, compared with a national median of £2,180, placing it in the highest (worst) cost quartile nationally. This means it spends more on staff per unit of activity than most trusts. The trust is in the second highest (worst) quartile nationally for medical, nursing and AHP (Allied Health Professionals) costs per WAU. The trust's high total cost per WAU is primarily driven by the cost of non-substantive staff (£573) which is the highest nationally and, particularly, the agency staff cost per WAU which at £337 is more than three times the national median (£107) and is the highest nationally.
- The trust completed a clinical review of Safer staffing most recently in September 2018 which has provided matrons and ward managers a better understanding of the skill mix and staffing requirements on their wards and the link with staff costs and budgets. Recently, the Safer staffing model has also been used twice daily to manually review patient acuity and better align staffing and skills mix.
- At the end of February 2019, the trust had spent 14.3% of its total pay spend on agency staff which is the highest rate nationally. The trust's agency spend is set to increase between 2017/18 and 2018/19 from £9.9 million to £11.7 million, higher than its spend ceiling set by NHS Improvement in both years. This is due to sustained non-elective activity levels above plan, increasing at a rate well above national averages resulting in higher temporary staffing of escalation areas, and ongoing difficulty to recruit substantive staff, in particular registered nurses and doctors. At the time of the assessment, the trust has a 24% vacancy rate for registered nurses and this remains unchanged from the beginning of the year.
- Agency usage is tracked weekly by the trust's agency working group. The trust is already part of the collaborative agency 'master vendor' contract with neighbouring acute providers, to help reduce agency costs through economies of scale. Investment has been made to increase the use of bank staff as opposed to high cost agency. The introduction of enhanced incentive payments to work bank shifts in the clinical areas with high agency usage has led the trust to extend these across all clinical areas for a set period of time. The trust has received support from NHS Improvement's agency team who has recommended improvement actions. However, at the time of assessment, the trust was unable to demonstrate significant progress given the local recruitment challenges surrounding the uncertainty of services at the trust and continues to experience financial pressures from the high usage of agency staff.
- Innovative workforce models have been explored with the introduction of integrated roles for occupational and physiotherapists as part of the development of a new frailty team and development of apprenticeships beyond Nursing Assistants.
- At the time of the assessment, the trust is implementing Allocate e-rostering in all wards, with the exception of escalation areas, to deploy both nursing and medical workforces. The trust has invested in a rota coordinator to improve medical rota management with the aspiration for rotas to be managed electronically on a medical e-rostering system. The trust has undertaken a workforce evaluation of middle grade doctors to improve rota resilience and out of hours presence. The intention is to move agency staff into substantive or fixed term NHS contracts where practicable in agreement with those staff. The trust has arrangements for consultant on-call out of hours in Urology and is developing proposals for joint maternity services with local NHS trusts.
- The Trust is making progress with its review and refresh of consultant job plans led by its Deputy Medical Director. At the date of our inspection, 95% of consultants' job plans were available electronically on the Allocate system, of which 50% had been completed fully, with improved links to specific productivity improvement work and to demand and

capacity modelling. Remaining job plans are in progress. Work has also been undertaken to realign direct clinical care activity in specific specialties where opportunities have been identified. The trust is also half way through the implementation of a new job planning policy to align to the local NHS trust with which it plans to merge.

- Staff retention at the trust shows room for improvement, with a retention rate of 81.4% (November 2018) compared to a national median of 85.9% and the trust benchmarks in the lowest (worst) quartile. The trust explained the low retention is driven by long-standing challenges in recruiting locally given the proximity of two tertiary hospitals in nearby Bristol; the current uncertainty over the future of the trust; and the age structure of staff with a high number of retirements. Exit interviews were not routinely carried out although a short life task and finish group commenced in January 2018 to focus on retention of existing workforce and exit interview rates have since been improving. In the latter half of 2018/19 the trust has also taken steps to strengthen links with local education providers to help strengthen its training arrangements and increase its attractiveness as employer to newly qualified staff.
- The trust remains one of the lower performing nationally for staff satisfaction and clinical engagement in the annual staff survey. The trust has invested in training and development, health and wellbeing and regular staff engagement sessions on future plans to improve retention. The trust has successfully piloted the 'Happy app' to provide staff with a real-time, straightforward way to provide feedback or raise concerns, and is looking to roll it out further.
- There is a high level of vacancies. The trust has introduced several actions under the oversight of a Senior Management Committee such as golden hellos, payment for referring a friend, overseas recruitment, additional increment for newly qualified for six months and additional funding for a branding and advertising campaign. Despite some success, these actions have not materially reduced the level of vacancies. The trust is also working jointly with a local NHS trust to recruit key posts although to date they have not been successful in doing so in any clinical services. Plans for joint corporate services between both trusts are progressing.
- At 4.07% in November 2018, the sickness rate has increased from prior months but remains lower than the same period during the previous year. At the time of the assessment, the trust confirmed it was on track to achieve its own yearly target of 3.9%. The trust reports stress and anxiety as the main reason for absence during the prior quarter and has focused on a number of programmes to support staff (eg National Healthy Well-being framework and action plan, resilience training, Mental Health first aid, 8 harassment & bullying champions and HSE stress audits).

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

The trust benchmarks well on imaging services and relies on networking to delivery its pathology services having the smallest lab nationally. The trust does not benchmark favourably on pharmacy services with high medicines costs per WAU and low switch from patented to biosimilar drugs and 7-day service.

- In 2017/18, the overall medicines cost per WAU (£327) is higher than both the national (£309) and peer medians and is particularly high for in-tariff drugs where the trust's cost per WAU is £227 compared with a national median of £202. Although the service supports a proportionately high level of cancer patients, it would be expected that the 'high cost drugs' is materially lower than the national median. The trust is in the lowest quartile regarding the rate at which it has switched from patented drugs to available

biosimilars based on the 2017/18 data. However, the performance has materially improved in 2018/19.

- Our review of the pharmacy service indicates a low percentage of pharmacy time on clinical services and highlights that the trust does not operate a 7-day service, reducing the responsiveness of pharmacy to clinical teams and increasing weekend length of stay. Several components of the service have been outsourced including chemotherapy, outpatient and Homecare. The trust has made good progress in switching Rituximab and Trastuzmab drugs and is developing its pharmacy transformation plan including reconfiguring the workforce.
- The trust's imaging services benchmark well across nearly all metrics. The service is supported by relatively new equipment however, is based on a very old IT system which does not therefore automatically facilitate connectivity and hence reporting to GPs although a solution has been put in place since June 2018. The trust is networking with local NHS trusts to support resilience and efficiency although very limited efficiencies have been delivered in 2018/19.
- The Trust's pathology service is one of the smallest in the country and the trust therefore networks to deliver savings and resilience which it proactively does with a common LIMS system across the network. The histopathology service is going to be transferred to a local NHS trust in Bristol in April 2019 as part of the networking arrangement. The trust's cost per test at £2.09 is an improvement on the previous year and is close to the national median which is a good achievement for such a small laboratory.

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

The trust has an overall non-pay cost per WAU marginally above the national median. It benchmarks materially higher than the national median on corporate services reflecting the trust's small size. The trust is ranked low in the procurement league table which assesses the relative performance of non-specialist NHS acute providers' procurement departments. It benchmarks well on estates with relatively low estates costs compared with peers although it has a high and deteriorating level of backlog maintenance that will require investment as part of its capital programme. At the time of the assessment, the trust showed a significant favourable variance on non-pay expenditure compared to budget due to executive review and sign off of all non-pay expenditure established during 2018/19.

- For the financial year 2017/18 the trust had an overall non-pay cost per WAU of £1,338 which puts it marginally above the national median of £1,307 with non-pay expenditure to January 2019 (10 months) being approximately £1 million less than budget. The components with the greatest unfavourable variance to median are in corporate services and estates with a favourable variance in supplies and services.
- The corporate services benchmark materially above the national median overall which partially reflects the small size of the trust and the relatively fixed nature of corporate service costs. The areas where the trust is a particular high cost outlier are in the Human Resources (HR) and Information Management & Technology (IM&T) functions, both of which benchmark in the highest (worst) quartile as a percentage of the trust's turnover. The adverse variance in HR (£1,439 per £ million turnover compared with a national median of £1,104) is driven by a combination of the costs of managing a workforce with high turnover and agency rates and also a high education cost, which is substantially driven by the costs of running the Somerset Academy to help attract trainees. The IM&T variance (£3,228 per £ million turnover compared to a national median of £2,508) is driven by the high costs of maintaining a legacy Cerner patient record system as well as the high costs of maintaining hard copy medical records. The Trust is developing plans

with a local trust to move onto a single patient record system hosted by that trust to address this and was recently successful in securing capital funding to deliver this.

- In terms of digital maturity, the trust rates well below national median levels across nearly all benchmarked areas. There has been a poor delivery of cost improvements in 2018/19 with a forecast of less than 25% delivery against target.
- The trust is a member of the Bristol and Weston Purchasing Consortium hosted by a local NHS trust which brings the trust economies of scale in purchasing supplies and services. However, the trust is ranked at 118 out of 133 trusts in the latest league table with a particularly poor score for the process component of the ranking. It is notable that there is significant variation in the ranking across the Consortium with the other trusts ranking well above the trust which suggests that the trust is not maximising the value of the consortium in addition to its own process issues as discussed next.
- The metric for the percentage of non-pay spend on purchase order was in the poorest national quartile, with only 31% of non-pay invoices raised via a proper purchase order in 2017/18. This indicates weak, inconsistent financial control over purchasing. The trust acknowledges that this is a priority issue to address in mandating the use of the EROS purchase order system. The latest data for quarter 3 2018/19 shows that the percentage has increased significantly to 77% by value after adjusting for expenditure which is subject to alternative systems and which compares with a National Median of 84%. The limited compliance is almost certainly a key reason why the trust has underdelivered on its procurement efficiency target for 2018/19 although, as noted above, the trust's overall supplies and services per WAU benchmarks well.
- The estates and facilities cost of the trust benchmarks very well against the peer median (£228 per metre compared to £293). However, the backlog maintenance is 20% above the benchmark level and deteriorating although critical infrastructure risk appears to be in control. The trust's estate strategy is due for a refresh in 2019 and will be informed by the clinical strategy. The trust is developing plans with a local trust to form a single estates function across both organisations to support efficiencies through economies of scale and to support a more strategic approach to delivery of estates plans across both organisations. However, in the short-term the trust was forecasting to deliver only £55,000 of the planned £360,000 efficiency improvement in 2018/19. The most significant efficiency opportunities are in energy and cleaning costs based on the benchmarks. The trust has a low level of non-clinical space and the patient rating of the food is good.

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

The trust has the 5th highest (worst) total cost per WAU nationally for 2017/18 and a poor track record of managing spend within available resources in line with plans, having delivered in-year financial deficits since 2013/14 and receiving cash support from the Department of Health and Social Care (DHSC). The trust's small scale and high reliance on agency staff are key drivers of the trust's recurrent financial deficit, which make it unsustainable in its current form. The trust board has recognised this and is making progress with partners on service and pathway change through the current 'Healthy Weston' public consultation, and with a local NHS trust on plans to form a single organisation through acquisition by that trust. Both initiatives are expected to help significantly address the sustainability challenges the trust faces. During 2018/19, the trust implemented a large number of measures to improve grip and control over its financial management and savings achievement although this has yet to make a material improvement to the trust's financial position.

- In 2017/18, the trust recorded a £14.6 million deficit (excluding Sustainability and Transformation Fund (STF), £13.5 million including STF) representing 14.4% of its turnover, against a control total and plan of £9.1 million.
- In 2018/19, the trust has delivered a £17.5 million deficit excluding Provider Sustainability Funding (PSF) as per its unaudited accounts, 17.1% of its turnover, against a control total of £12.4 million deficit (excluding PSF).
- The trust's financial deterioration is driven by high agency costs due to sustained non-elective activity levels above plan resulting in higher temporary staffing of escalation areas, and also ongoing difficulty to recruit substantive staff (£4.5m adverse to plan at end of March 2019); and poor delivery of planned efficiencies (£2.6m adverse to plan). The performance has also been impacted by significant financial governance issues which the trust had started to address in 2018/19.
- For 2018/19, the trust agreed a cost and volume contract with its commissioners with a 'floor' and 'cap' to protect both the trust and its commissioners against the financial risk of significant under delivery or over delivery of activity. During the year, the trust saw non-elective admissions grow significantly to exceed the contract 'cap' which meant the trust did not receive income for the additional activity delivered over the 'cap' value which the trust has estimated at £3m.This explains that the trust's estimated underlying position for 2018/19 is £15.3 million, an improvement on the reported position. It is also worth noting that the trust has slowed the rate at which the deficit has grown during 2018/19 from £6.3m in 2017/18 to £4m in 2018/19 and there are early signs that the trust's underlying financial position has stabilised around £13.5-£15 million deficit.
- The trust developed a Financial Recovery Plan mid-year when it started to depart from its plan and introduced a number of financial grip and control measures. However, at the time of the assessment, these have not yet materially improved the financial position of the trust although it has managed to stabilise its monthly deficit during the year until January 2019. There is evidence that improved controls in some areas have had a positive impact, notably in supporting the overall non-pay underspend against budget through executive review and approval of all significant non-pay items. However, strengthened controls around agency and cost improvement delivery are not yet supported by robust governance and control arrangements at directorate level and have not had a tangible positive impact in year. 2018/19 financial position continues to be driven by issues with income (although reduced), agency cost pressures and under delivery of efficiency plans.
- In 2017/18, the trust delivered 45% (£2 million) of its Cost Improvement Plan (CIP) representing a relatively low level of savings compared with other acute providers (1.7% of expenditure) with only £0.3 million delivered recurrently. This represents a continued decrease in the level of savings delivered since 2015/16. In 2018/19, the trust had planned to deliver £4.1 million savings (3.4% of expenditure) but only delivered £1.5 million savings (1.2% of expenditure; 36% of plan) with £1.2 million savings delivered recurrently. Although the trust under-delivered against it plan, the level of recurrent savings is significantly higher than in the previous year supported by a new approach using a transformation team and showing an early indication of a culture shift within the trust that it needs to deliver recurrent efficiencies. The implementation of the Financial Recovery Plan during 2018/19 has also delivered a £1 million improvement on non-pay costs.
- The trust has continued to strengthen its approach to identify, plan and deliver savings for 2019/20 with the support of a local NHS trust, recognising issues with management capacity to oversee CIP delivery and the need to continue to embed the culture of the organisation to better own recurrent CIP delivery. The 2019/20 CIP includes a smaller number of trust wide focused schemes. The trust has also strengthened the

transformation team with a CIP accountant. At the time of our assessment, the trust is planning to deliver £2.6 million efficiency in 2019/20 (including £1 million reduction in agency costs) and has identified £1 million savings schemes. However, it needs to progress to identify and validate the remaining £0.6 million target demonstrate it can deliver its CIP during 2019/20.

- The trust has a small financial team and limited service line reporting. However, during 2018/19, the trust has implemented measures for the finance team to better support directorates. The finance team is now better integrated with the clinical services and the trading position is reported at directorate level. Further work is however required to develop service line reporting and PLICS to inform profitability of services and support decision making.
- The trust recognises that it is not sustainable in its current form. An external review of its acute services commissioned during 2018/19 has estimated that even if the trust achieved a level of clinical and workforce productivity compared to its peers, it would not significantly reduce its recurrent deficit although it would prevent further deterioration. The trust is currently developing plans with a local NHS trust to form a single organisation via an acquisition by that trust with an indicative commencement date subject to approval by trust boards and national approvals in 2020.
- The trust has low cash reserves resulting from its current underlying deficit and is not able to consistently meet its financial obligations without cash support from the Department of Health and Social Care (DHSC). At the end of 2018/19, the trust had accumulated £42.6 million of debt from the DHSC, an increase of £14.4 million on 2017/18.
- The trust receives commercial income from private patients for clinical services and from other sources for various services including rental of land and buildings, running a staff nursery. It receives income for the use of extra theatre capacity by other providers. At the time of the assessment the trust confirmed that its commercial enterprises were contributing positively to the trust's financial position. The trust had engaged a consulting firm to review its contracts and advise on improving contract management to derive the maximum benefits from these.
- The trust has spent £0.26 million on consultancy in 2018/19. The trust uses management consultancy on a targeted basis to provide specific or specialist support and works closely with a local NHS trust to leverage their expertise to support them.

Outstanding practice

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

- The trust has established a frailty service at the front door which is now being used as a blueprint by the wider local health system.
- The trust is rolling out the 'Happy app' developed by a local NHS trust across the organisation after a successful pilot in the diagnostic department.
- The trust, in conjunction with lead commissioners and local community partners, has introduced an Integrated Discharge Bureau which has been successful in reducing length of stay through agreeing up-front the responsibility of the elements of care across the pathway.

- The trust, in conjunction with local community partners, has successfully reduced the number of stranded and super-stranded patients, releasing capacity which it has offered to other providers to reduce their waiting times for patients thereby generating additional income to support the trust's financial position.

Areas for improvement

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

- The trust must continue to systematically exploit available data and benchmarking to identify and deliver clinical productivity opportunities.
- The trust has the highest agency staff cost per WAU nationally. The trust must continue its effort to reduce its reliance on agency staff, in particular progress with the implementation of NHS Improvement Agency team's recommendations and through increased joint working and partnering with neighbouring providers, in both clinical and non-clinical services.
- The trust must continue its effort to retain and recruit staff and develop their engagement with staff to improve on the issues identified by the annual staff survey.
- The trust must continue its effort to switch from patented medicines to biosimilar drugs.
- Maximise the value from the Bristol and Weston Purchasing Consortium, working in conjunction with the local NHS trust as the host for consortium.
- The trust has introduced a number of measures to improve its grip and control over its financial management. The trust must ensure it continues to embed the new practices to materially improve the trust's financial position, in particular regarding:
    - the identification, planning and delivery of cost improvement plans
    - the production of service line reporting and engagement with directorates and clinical teams on their financial performance
    - increasing further the level of non-pay spend on purchase order as a key means of financial control.
- The trust is undertaking a review of its key commercial contracts. The trust must ensure it strengthens its contract management capabilities to support decision making and maximise income.

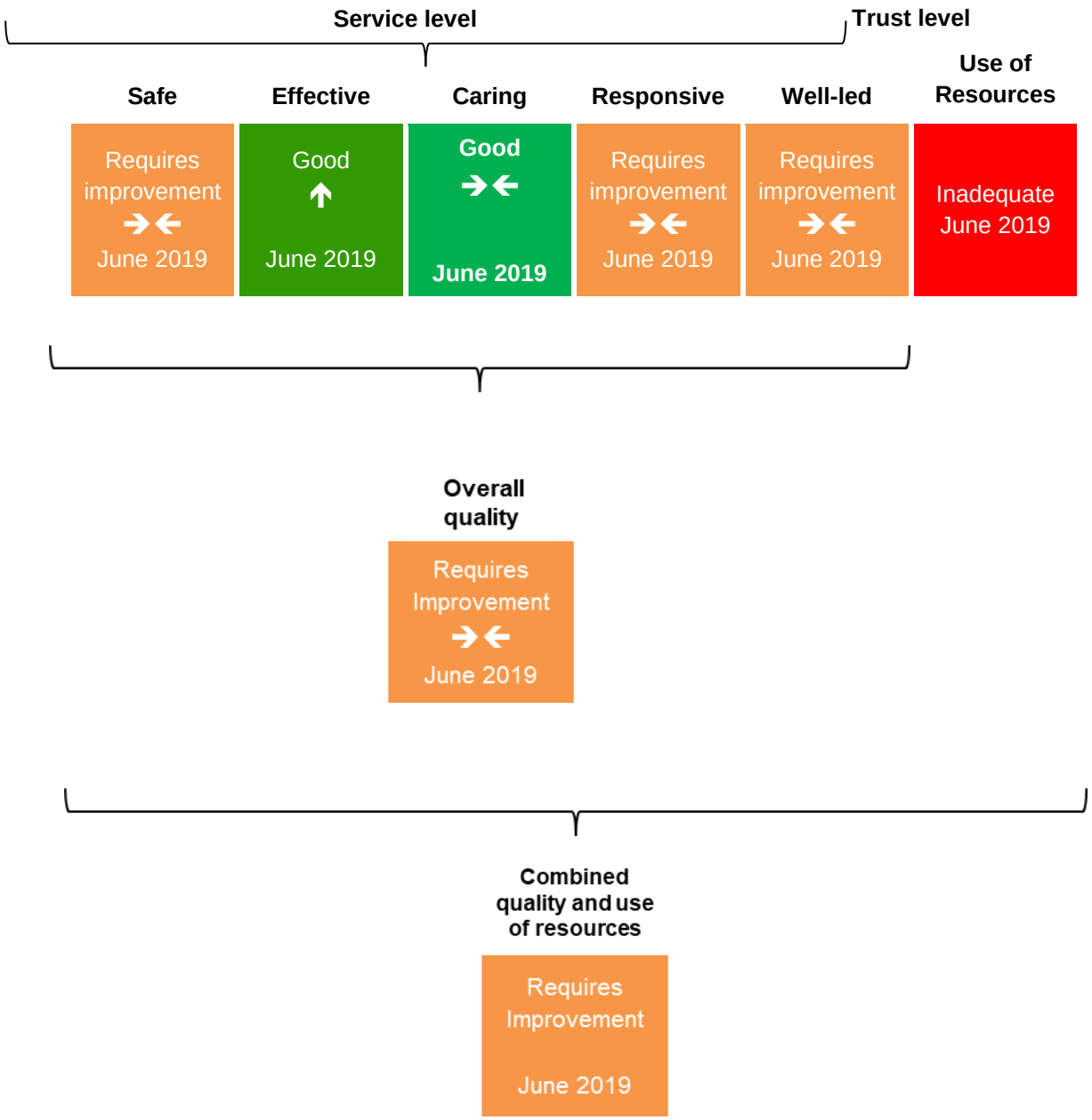
Ratings tables

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 trusts to query why their AHP pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Biosimilar medicine	A biosimilar medicine is a biological medicine which has been shown not to have any clinically meaningful differences from the originator medicine in terms of quality, safety and efficacy.
Cancer 62-day wait target	According to this national target, 85% of patients should begin their first definitive treatment for cancer within 62 days following an urgent GP referral for suspected cancer. The target is 90% for NHS cancer screening service referrals.
Capital service capacity	This metric assesses the degree to which the organisation's generated income covers its financing obligations.
Care hours per patient day (CHPPD)	CHPPD measures the combined number of hours of care provided to a patient over a 24 hour period by both nurses and healthcare support workers. It can be

	used to identify unwarranted variation in productivity between wards that have similar speciality, length of stay, layout and patient acuity and dependency.
Cost improvement programme (CIP)	CIPs are identified schemes to increase efficiency or reduce expenditure. These can include recurrent (year on year) and non-recurrent (one-off) savings. CIPs are integral to all trusts' financial planning and require good, sustained performance to be achieved.
Control total	Control totals represent the minimum level of financial performance required for the year, against which trust boards, governing bodies and chief executives of trusts are held accountable.
Diagnostic 6-week wait target	According to this national target, at least 99% of patients should wait no longer than 6 weeks for a diagnostic procedure.
Did not attend (DNA) rate	A high level of DNAs indicates a system that might be making unnecessary outpatient appointments or failing to communicate clearly with patients. It also might mean the hospital has made appointments at inappropriate times, eg school closing hour. Patients might not be clear how to rearrange an appointment. Lowering this rate would help the trust save costs on unconfirmed appointments and increase system efficiency.
Distance from financial plan	This metric measures the variance between the trust's annual financial plan and its actual performance. Trusts are expected to be on, or ahead, of financial plan, to ensure the sector achieves, or exceeds, its annual forecast. Being behind plan may be the result of poor financial management, poor financial planning or both.
Doctors cost per WAU	This is a doctor specific version of the pay cost per WAU metric. This allows trusts to query why their doctor pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Delayed transfers of care (DTOC)	A DTOC from acute or non-acute care occurs when a patient is ready to depart from such care is still occupying a bed. This happens for a number of reasons, such as awaiting completion of assessment, public funding, further non-acute NHS care, residential home placement or availability, or care package in own home, or due to patient or family choice.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation divided by total revenue. This is a measurement of an organisation's operating profitability as a percentage of its total revenue.
Emergency readmissions	This metric looks at the number of emergency readmissions within 30 days of the original procedure/stay, and the associated financial opportunity of reducing this number. The percentage of patients readmitted to hospital within 30 days of discharge can be an indicator of the quality of care received during the first admission and how appropriate the original decision made to discharge was.
Electronic staff record (ESR)	ESR is an electronic human resources and payroll database system used by the NHS to manage its staff.

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

Pay cost per WAU	This metric shows the staff element of trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the trust spends less on staff per standardised unit of activity than other trusts. This allows trusts to investigate why their pay is higher or lower than national peers.
Peer group	Peer group is defined by the trust's size according to spend for benchmarking purposes.
Private Finance Initiative (PFI)	PFI is a procurement method which uses private sector investment in order to deliver infrastructure and/or services for the public sector.
Patient-level costs	Patient-level costs are calculated by tracing resources actually used by a patient and associated costs
Pre-procedure elective bed days	This metric looks at the length of stay between admission and an elective procedure being carried out – the aim being to minimise it – and the associated financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Pre-procedure non-elective bed days	This metric looks at the length of stay between admission and an emergency procedure being carried out – the aim being to minimise it – and the associated financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Procurement Process Efficiency and Price Performance Score	This metric provides an indication of the operational efficiency and price performance of the trust's procurement process. It provides a combined score of 5 individual metrics which assess both engagement with price benchmarking (the process element) and the prices secured for the goods purchased compared to other trusts (the performance element). A high score indicates that the procurement function of the trust is efficient and is performing well in securing the best prices.
Sickness absence	High levels of staff sickness absence can have a negative impact on organisational performance and productivity. Organisations should aim to reduce the number of days lost through sickness absence over time.
Service line reporting (SLR)	SLR brings together the income generated by services and the costs associated with providing that service to patients for each operational unit. Management of service lines enables trusts to better understand the combined view of resources, costs and income, and hence profit and loss, by service line or speciality rather than at trust or directorate level.
Supporting Professional Activities (SPA)	Activities that underpin direct clinical care, such as training, medical education, continuing professional development, formal teaching, audit, job planning, appraisal, research, clinical management and local clinical governance activities.
Staff retention rate	This metric considers the stability of the workforce. Some turnover in an organisation is acceptable and healthy, but a high level can have a negative impact on organisational performance (eg through loss of capacity, skills and knowledge). In most circumstances organisations should seek to reduce the percentage of leavers over time.

Top Ten Medicines	Top Ten Medicines, linked with the Medicines Value Programme, sets trusts specific monthly savings targets related to their choice of medicines. This includes the uptake of biosimilar medicines, the use of new generic medicines and choice of product for clinical reasons. These metrics report trusts' % achievement against these targets. Trusts can assess their success in pursuing these savings (relative to national peers).
Weighted activity unit (WAU)	The weighted activity unit is a measure of activity where one WAU is a unit of hospital activity equivalent to an average elective inpatient stay.