Worcestershire Acute Hospitals NHS trust

Use of Resources assessment report

Worcestershire Royal Hospital
Charles Hastings Way
Worcester
Worcestershire
WR5 1DD
Tel: 01905763333
www.worcsacute.nhs.uk

Date of publication:
20 September 2019

This report describes our judgement of the Use of Resources and our combined rating for quality and resources for the NHS trust.

Ratings

Overall quality rating for this NHS trust	**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 NHS trust-level quality ratings of safe, effective, caring, responsive and well-led. These ratings are based on what we found when we inspected, and other information available to us. You can find information about these ratings in our inspection report for this NHS trust and in the related evidence appendix. (See www.cqc.org.uk/provider/RWP/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 NHS trust taking into account the quality of services as well as the NHS trust's productivity and sustainability. This rating combines our five NHS trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating.

Use of Resources assessment and rating

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

Combined rating for Quality and Use of Resources

Our combined rating for Quality and Use of Resources is awarded by combining our five NHS trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating, using the ratings principles included in our guidance for NHS trusts. This is the first time that we have awarded a combined rating for Quality and Use of Resources at this NHS trust. The combined rating for Quality and Use of Resources for this NHS trust was Requires Improvement, because:

- Our rating of the trust improved. We rated it as requires improvement because many of the key questions inspected across the six core services in the four hospitals improved. We saw improvements particularly with regard to medicines' management, infection control, incident reporting and sharing learning across the trust in particular. Local and divisional leadership had improved, and staff were engaging with the trust's improvement journey. However, further work was required to manage patient flow effectively to ensure all patients had access to the right care at the right time.
- Our rating of safe improved. We rated it as requires improvement because we saw general improvements in the safety of services provided in most areas, however there were some regulatory breaches found regarding staff training, staffing levels, and carrying out timely assessment of patient' needs. There was a clearer focus on patient safety, but some areas still needed to improve.
- Our rating of effective improved. We rated it as good because all areas inspected were providing evidence based care and monitoring the outcome of care so that further improvements could be made.
- Our rating of caring stayed the same. We rated it as good because all staff were caring and compassionate in all areas visited. We rated caring for diagnostic imaging at Alexandra Hospital as outstanding.
- Our rating of responsive improved. We rated it as requires improvement because we saw improvements in access and flow in most areas and complaints' management. However, not all patients in emergency care, medical care and outpatients' services were receiving timely assessment and treatment.
- Our rating of well-led stayed the same. We rated it as requires improvement because we saw that local, divisional and trust leaders knew what improvements needed to be made to ensure all patients had the best possible care. However, further work was required to fully embed improvement plans to ensure sustained improvements over time. The trust board had a clear direction but some of the executive posts were interim. Financial management of the trust required consolidation and improvement.
- The trust was rated Inadequate for use of resources. Full details of the assessment can be found on the following pages.

Worcestershire Acute Hospitals NHS trust

Use of Resources assessment report

Date of site visit:
7th May 2019

Tel:
www.

Date of publication:
September 2019

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

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

How effectively is the NHS trust using its resources?	**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 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 7th May 2019 and met the NHS trust's executive team (including the chief executive), the 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?	Inadequate ●

We rated the use of resources at this NHS trust as Inadequate. For the period covered by the assessment, the NHS trust does not compare well across most areas. Operational performance is below national standard and national averages, workforce costs are high, and there is significant scope for efficiency improvement in the NHS trust's support services. Weak programme delivery structures contributed to underperformance against the cost improvement plan and the NHS trust's financial position has been on a worsening trend, with a significant deterioration in 2018/19 (the submitted 2019/20 plan is a further deterioration on this, however internally the trust wish to stabilise the financial position and deliver a 2019/20 financial outturn that is no worse than 2018/19 outturn.

However, the leadership recognises the scale of the challenge and is taking a systematic approach to driving productivity improvements. The NHS trust is developing a trust wide clinical services strategy, which is expected to be completed in September 2019. Enabling strategies, including support services, workforce and finance are also being developed. The expected time of implementation is however not yet defined.

- The NHS trust is not meeting most of the national operational standards, and its performance is consistently below national averages. Whilst it has achieved improvement in some, significant improvement is still required for the NHS trust to meet the required national performance standards.
- However, there are areas where the NHS trust's clinical services productivity compares well for instance, pre-procedure elective bed days and Outpatients Did Not Attend (DNA) rates, indicating improved utilisation of elective beds and outpatient clinics. The NHS trust has also worked with partners to improve discharge processes and deliver low levels of 30-day emergency readmissions.
- The NHS trust has provided some evidence of a structured approach to driving performance and efficiency improvements for instance, investment in additional bed capacity (supported by a demand and capacity review) and redesign of the hip fracture pathway, to improve patient flow in urgent care services. It also developed outpatients and theatre improvement programmes to enhance utilisation of facilities.
- Some improvements have been achieved though these initiatives for instance; reduction in medical outliers, 12 hr waits in Accident and Emergency, and missed clinic appointments. However, the NHS trust did not have the infrastructure in place to drive the full potential benefits, and the approach to implementation of some created significant in-year cost pressures, which contributed to the deterioration in the financial position.
- Workforce costs are high compared to other NHS trusts. The NHS trust has not been able to demonstrate control of pay costs, with increasing levels of agency spend at premium rates. Pay expenditure exceeds budget with no corresponding benefit of overperformance against income plans, and the NHS trust is in the bottom quartile overall for its 2018 staff survey results, with little change since the 2017 survey. The staff retention rate has deteriorated but remains above the national median.
- The NHS trust is working to improve workforce culture through its 4ward programme, and it has implemented interoperable workforce management systems, which it expects

will support optimisation of the substantive workforce and reduce dependence on agency staffing. The NHS trust has been able to achieve a reduction in Medical workforce vacancy rates, however due to the investment in additional bed capacity, the nursing vacancy rates have increased.

- Pathology and imaging services do not demonstrate value for money, with high costs of delivering activity (when compared to other NHS trusts) and non-achievement of performance standards. The NHS trust has been slow in progressing collaboration opportunities in these areas, which has delivered benefits of scale for other NHS trusts. Pharmacy service costs are high compared to other trusts, (largely driven by medicines expenditure), however the trust's use of pharmacy staff to support patient flow compares well.
- The cost of running the estate benchmarks highest nationally, and the NHS trust has not optimised available opportunities to deliver cost reduction. Weak contract management processes mean that the NHS trust has not achieved full benefit of PFI arrangements, and it has incurred increased out of contract variable expenditure. The NHS trust is now taking a more strategic approach to management of PFI arrangements, with Executives driving initiatives to gain more value from the contract. PFI efficiencies from these initiatives are also included in the 2019/20 cost improvement plan.
- Human Resources and Finance function costs relative to turnover are variable, with Human Resources benchmarking below national median, however the NHS trust has identified that further capacity investment is required in the Human Resources function to drive workforce productivity improvements.
- The NHS trust's overall Cost per Weighted Activity Unit (WAU) at £3,783 is in the highest cost quartile for 2017/18, indicating that the NHS trust delivers activity at a cost higher than most NHS trusts.
- The NHS trust did not achieve its control total of £41.5 million (10.15% of turnover) in 2018/19, reporting a significantly worse position of £73.7 million (17.89% of turnover) which was also a deterioration from the previous year's reported position of £57.9 million deficit (14.63% of turnover).
- For 2019/20, the NHS trust has submitted a plan that is not control total complaint, and whilst it is internally working to a plan that would maintain the 2018/19 deficit level, at the time of the assessment, the NHS trust had not identified the level of efficiencies required to achieve this.
- Since 2017/18, the NHS trust has significantly underperformed against its cost improvement plan due to weak programme delivery structures. In 2018/19, the NHS trust reported achieving only £7.6 million (1.56% of expenditure) of the £22.4 million plan (4.73% of expenditure).
- The NHS trust has calculated its underlying deficit as £82 million, of which approximately 57% is within its control. The NHS trust currently does not have a medium-term financial recovery plan, as this is pending completion of the clinical services strategy and enabling workforce and support services strategies.
- Due to its historical deficit position, the NHS trust is not able to pay for its staff or suppliers in the interim, without additional cash support. Its high PFI commitments means that it has limited funding for capital investments.

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 is some evidence of a structured approach to making improvements in the NHS trust's urgent care services, however significant improvement is still required for the NHS trust to meet performance standards. The NHS trust's efforts to drive productivity improvements in theatres and outpatients services have not yet delivered the expected level of benefits, although it has achieved reduced levels of missed clinic appointments.

- At the time of the assessment, latest data showed the NHS trust was not meeting the constitutional operational standards, however it had improved its performance for the 62-day cancer screening referrals and reported achieving the standard in April 2019 (with performance of 95.83% against a standard of 90%).
- The NHS trust is working to improve its operational performance with new leadership in place to drive the initiatives. At the time of assessment, the NHS trust was able to demonstrate some improvements including; the achievement of 62- day urgent GP referral waits for specific specialities such as Dermatology, Breast and Gynaecology. It is also reporting a lower number of patients waiting between 40-51 weeks (from the time of referral to treatment). This has reduced from 405 in March 2018 to 357 in March 2019, and the NHS trust has had no 52-week breaches since June 2018.
- In 2018/19, the NHS trust assessed its urgent care capacity requirements, which highlighted a shortfall within inpatient bed capacity. The NHS trust subsequently invested in an additional 84 beds, that enabled it to stop the use of endoscopy and theatre recovery bed capacity for inpatient care. The NHS trust also attributes other improvements to this investment for instance, reductions in the number of patients treated in the A&E corridor, 12 hour waits in A&E and medical outliers. However, significant improvements are still required for the NHS trust to meet the required performance standards.
- The NHS trust recognises that there is scope to further improve patient flow and is working to embed national initiatives such as SAFER and Red to Green, which it expects will support closure of the remaining areas used for temporary emergency capacity across the NHS trust. The percentage of beds occupied by long stay patients is lower than regional average and the NHS trust has recently achieved a reduction in stranded patients numbers, although they remain above regional mean.
- Emergency patients are less likely to require additional medical treatment for the same condition at this NHS trust compared to other non- specialist acute NHS trusts. For the period January to March 2019, the emergency readmission rates at 6.97% is better than the national median of 7.73%. The NHS trust attributes this performance to closely working with partners in community services and primary care.
- Pre-procedure elective bed days performance compares well at 0.09 against a national median of 0.12 (January – March 2019) and is in the second-best quartile nationally. This indicates that most patients are not admitted before the day of their surgery.
- However, non-elective patients are waiting longer in hospital for their procedures as indicated by the pre-procedure non-elective bed days, which at 0.83 is higher than the national median of 0.66 and in the second worst quartile. The NHS trust has redesigned its Hip fracture pathway and centralised the service on one of its sites. Pathway changes also include dedicated rehabilitation bed facilities for post-operative care, provided by the community healthcare NHS trust. This has improved patient flow, and time to theatre within 36 hours has increased from 81.39% in March 2018 to 89.29% March 2019.

- The Did Not Attend (DNA) rate at 4.36% is in the best quartile nationally for non-specialist acute NHS trusts, above the national median of 7.32%, for the period January to March 2019. The NHS trust has achieved this largely through the introduction of a 2-way patient text reminder system in February 2018.
- The NHS trust commissioned an external consultancy to support with development of theatre productivity improvement programmes, and the key focus was scheduling of patients, in-session utilisation and reducing the number of cancellations. The NHS trust did not realise the benefits from this investment largely due to bed capacity constraints and inadequate internal infrastructure required to implement the initiatives. The NHS trust however, provided evidence to demonstrate some improvements in in-session theatre utilisation, and it reported £0.5 million cash releasing savings, delivered through reduced spend on extra sessions.
- The NHS trust has had some engagement with Get It Right the First Time (GIRFT) and has improvement action plans. Evidence provided by the NHS trust indicated limited progress against these actions, however the NHS trust highlighted that the redesign of the Hip Fracture pathway was an outcome from GIRFT recommendations.

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

The NHS trust's pay costs are not effectively controlled within budget, and the cost of delivering activity benchmarks higher than most other acute non-specialist NHS trusts. The high levels of temporary staffing used to cover vacancies is driving agency spend, and improvements in workforce deployment processes are yet to deliver expected benefits. Although there is some use of alternative roles, the NHS trust has not had a clear strategy to optimise their contribution in the workforce model. This and other workforce improvement plans are pending completion of a refresh of the trust's workforce strategy which is expected to underpin the clinical services strategy.

- For 2017/18 the NHS trust's overall pay cost per WAU of £2,311 was above the national median of £2,180, placing it in the second highest cost quartile nationally. Overall the NHS trust spends more on substantive staff than most non-specialist acute NHS trusts, with each clinical staff category benchmarking in the highest or second highest cost quartile.
- The NHS trust exceeded its staff budget for 2018/19 by £10.6 million (4%), which is not offset by income overperformance. Expenditure on agency staffing has increased compared to the previous year from 7.79% of total pay costs to 8.39% and has exceeded the agreed agency cap by £6.4m. The NHS trust has identified some of the key drivers of agency spend as; vacancy cover, increase in demand for diagnostics (which amounts to around a 10% increase year on year) and short-term staffing of extra bed capacity.
- The NHS trust mainly uses the lower cost bank staff for its temporary staffing requirements, however the proportion of agency to bank has increased since November 2018, from 34% agency and 66% bank to 41% and 59% respectively (in February 2019). The NHS trust has also seen an increase in the use of the more expensive tier 2 agency staffing. The shift is mainly due to short-term staffing of three wards opened in October 2018 to provide 84 additional bed capacity. The NHS trust took a decision to block book 100 qualified agency nurses for the winter period at premium rates, to maintain quality of service and ensure safe staffing.
- To address the high pay bill, the NHS trust entered into a contract to outsource all its bank and agency to a single provider from January 2019, with the expectation that this will support increase in bank fill rates, reduction in agency prices and stronger controls on use of temporary staffing. The NHS trust expects savings to be achieved through

these initiatives with an estimated value of £9 million included in the Division's cost improvement plans.

- The overall NHS trust vacancy rate was 9.3% at March 2019, and whilst there is a focus on recruitment activity, staffing for additional beds increased vacancy levels and the NHS trust does not expect to achieve its internal vacancy target of 7% by 2020.
- The registered nursing vacancy rate increased from 6.78% in March 2018 to 11.3% in March 2019, and the NHS trust attributes the increase to the additional posts created for the extra bed capacity opened in October 2018. However, some areas in speciality medicine and urgent care have much higher nurse vacancy rates (above 25%), and there are daily reviews by the Division and Workforce Lead nurse, to ensure safety in these areas. The NHS trust achieved a negligible vacancy for Health Care Support workers (HCSW) in March 2018, however the opening of additional capacity wards increased this to 4.17%. The overall vacancy rate for medical staff has reduced from 15.96% in March 2018 to 13.02% in March 2019.
- The overall staff retention rate at 86.2% compares well against a national median of 85.9%, placing the NHS trust in the second-best quartile. From 2016 to June 2018 the NHS trust saw continuous improvement in its staff turnover rate for registered nurses and midwifery, reducing to 9.9% against a peer group average of 11.1%. The NHS trust won a national award in 2018 for this work. The highest workforce turnover rates are seen in the AHP staff group, being 17.7% at March 2019. The NHS trust has commenced focussed engagement with this staff group and is investing in strengthening the professional leadership.
- Overall staff sickness absence performance is variable when compared to the national median over the assessment period however, the rate has increased from 3.93% at March 2018 to 4.54% at February 2019. Some of the highest rates of sickness absence are seen in the HCSW staff group (6.9%). The NHS trust is implementing measures to address high sickness absence, such as a fast track route for staff on the Worcester Royal site to access their Occupational Health Department, this scheme is being extended to staff working at the Alexandra Hospital.
- The NHS trust is in the bottom quartile overall for its 2018 staff survey results, with little change since the 2017 survey. The NHS trust has undertaken staff engagement work as part of their '4ward' programme, which is an element of their People and Culture Strategy. Results from these surveys indicate that the net culture scores and participation rates have dropped during the last three months of 2018/19 and the NHS trust is reviewing its staff engagement programme.
- The NHS trust has set up an Education Academy and is implementing both a Leadership Development Plan and a Management Development Plan with a variety of opportunities for staff. It is taking measured approach to implementing changes, whilst developing the internal capability and capacity required to drive improvement programmes.
- An end to end e-roster solution was purchased in August 2018.The NHS trust has implemented it for the ward nursing staff rotas and plans to roll it out to all clinical staff groups by 31st March 2020. The e-roster solution is interfaced with NHSP system to support early identification of temporary staffing requirements, however compliance rates (though improved) remain low at the time of the assessment (11%). The NHS trust is using NHSI recommended tools to inform its nursing and midwifery establishment reviews and staffing plans.
- Job planning is reported at 85% (April 2019) with the NHS trust targeting 95% of job plans to be completed by May 2019 and captured electronically by March 2020. Job

plans are not linked to capacity planning however, the NHS trust is developing team job plans for some specialities.

- The NHS trust have implemented some alternative workforce models such as the Advanced Care Practitioner (ACP) and Physician Associate roles. Divisional workforce plans to underpin the Clinical Services Strategy are being developed and there is scope to develop these and other new roles further across the organisation. The NHS trust has implemented a small number of Band 4 Nurse Associate roles. At the time of the assessment, there were no clear plans to scale up this workforce.

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

The cost of clinical support services is high when compared to other NHS trusts, and the NHS trust has been slow to progress collaborative working with partners to improve efficiency. However, it is progressing well in delivering against the nationally identified savings in the top ten medicines programme and is also making use of pharmacy workforce to support patient management and flow.

- The pharmacy staff and medicines cost per WAU at £420 (2017/18) compared to the national median of £359 places it in the highest cost quartile. Expenditure on medicines contributes to the high cost, with Medicines cost per WAU also benchmarking in the highest cost quartile at £391 compared to a national median of £320. The NHS trust also attributes some of the high pharmacy staff cost to its investment in advanced practitioners, and the additional resources used to provide pharmacy services to a local community NHS trust.
- The NHS trust benchmarks well in respect to prescribing pharmacists, with 75% of pharmacists undertaking active prescribing compared with a national median of 35%. Pharmacists are providing support on wards, in the Emergency Department and in Frailty Services.
- The NHS trust provides 8 hours of on-ward/MAU pharmacy support on Sundays, which benchmarks well against the national median of 4 hours and is currently assessing a number of 7-day services pilots that have demonstrated improved levels of discharge can be supported with increased pharmacy presence at weekends.
- The NHS trust has progressed well in delivering pharmacy savings identified as part of the top ten medicines programme with £2.4 million delivered (117% of target) in 2017/18 and £2.8 million of additional savings in 2018/19. The NHS trust has made progress in switching to most of the biosimilars but needs to accelerate its programme in Haematology.
- The NHS trust has been slow to progress the development of a pathology network and is only in the early stages of developing an options appraisal to consider which pathology network grouping it should work with. Action needs to be taken to accelerate the decision-making process and rapidly progress to the implementation phase of the networking process to help the NHS trust to reduce the overall cost of pathology services.
- The overall pathology cost per test is £1.87 compared with a national median of £1.86 which places the NHS trust in the third cost quartile. Although the cost per test is only marginally higher than the national median, it is noted that other local pathology networks are achieving significantly lower costs.
- In 2017/18 the overall cost per report for imaging was £54.36, which was above the national median of £50.05, and is in the second highest cost quartile.

- The NHS trust has significant levels of consultant vacancies in radiology and a high spend on non-substantive reporting capacity. The NHS trust is developing the use of alternative workforce models, including reporting radiographers, and is exploring remote working to reduce its dependency on outsourcing and temporary staff.
- DNA levels were high in all areas of imaging, except for plain film and nuclear medicine, which does not represent a good use of expensive resources. The NHS trust has plans to implement the two-text messaging system in imaging services, which delivered reductions in the level of DNAs in outpatients services.
- The NHS trust has experienced increased levels of equipment failure, although one of its sites has a managed equipment services as part of its PFI contract. A review and update of the NHS trust's asset register is being conducted to support consolidation of contracts and equipment maintenance agreements.

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

The cost of running the estate and Supplies and Services expenditure are significantly higher than most other NHS trusts, driving a high non-pay cost per WAU. Whilst Humans Resources function costs are low compared with other NHS trusts, capacity is not sufficient to support the required workforce and service productivity improvements. The NHS trust has achieved some improvement in procurement processes, although performance remains lower than most NHS trusts.

- In 2017/18 the NHS trust had an overall non-pay cost per WAU of £1,472, compared to a national median of £1,307, placing it in the highest cost quartile nationally. The main contributors to this high cost are medicines, supplies and services, and estates and facilities costs.
- In 2017/18, the NHS trust had the most expensive Estates and Facilities cost per m2 and Cost per WAU nationally (£769 and £869 respectively). The NHS trust has a PFI arrangement in place covering the Worcester Royal Hospital site, to which it attributes the high costs of the estate and facilities services. However, levels of maintenance backlog and critical infrastructure risk for the NHS trust's retained estate are also increasing, and although these remain below national benchmark values, they are also contributing to the increased cost of running the estate.
- Facilities management productivity metrics, with the exception of food production and cleanling which are in the second worst quartile, remain in the worst quartile nationally. Patient Led Assessment of the Care Environment (PLACE) scores, except for cleaning, are also below the national average.
- The NHS trust has delivered some reductions (£0.3 million) against its PFI cost through the contract management process in 2018/19. It is also strengthening contract governance arrangements, with improvements led by key members of the executive team to ensure that more value is secured from the PFI arrangements in 2019/20. Planned savings for Estates and Facilities in 2019/20 are £2.6 million of which 40% is against PFI related expenditure.
- Supplies and Services cost per WAU at £500 is higher than the national median of £364 and in the highest (worst) quartile. This indicates that there is significant scope to reduce cost of purchases through procurement processes. The NHS trust's procurement department is engaging with the NHS procurement improvement programmes and it has improved its procurement performance against a number of key metrics moving from a League Table rank of 119 to 101 (out of 136) and increasing its Price Performance Score from 15.7 to 20.2. The NHS trust achieved level 1 NHS Procurement standards

accreditation in March 2019 and reported delivery of £1.6 million cash releasing savings in 2018/19 (2.6% of supplies and services costs).

- The costs of Human Resources and Finance functions are variable. Human Resources cost per £100 million turnover at £0.67 million, is below the median of £0.89 million and, Finance department costs per £100 million turnover at £0.74 million is above the national median of £0.68 million. The NHS trust has outsourced a number of Finance sub-functions including payroll, accounts payable and accounts receivable which all benchmark below the national average cost per £100m turnover, with higher costs being driven by retained functions. The trust has since identified inaccurancies in apportionment of finance costs between sub-functions. A refreshed picture based on 2018/19 benchmark returns suggests that the split between the funtions is now more even across all the sub-functions (retained and oursourced).
- The NHS trust has indicated that it is currently reviewing opportunities to deliver savings from outsourced services in both IT services and Finance where economies of scale exist with other local NHS organisations, using the same service provider, or where contracts are due to expire shortly, however the estimated level of savings has not been provided.
- The NHS trust is reviewing how capacity and capability within corporate functions can be improved to help support and drive improvement activities, given the scale of the challenges it is facing. The NHS trust implemented a finance business partner model to support operations management to deliver financial improvement and is investing in a similar model for its human resources functions to support workforce management.

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

The NHS trust's financial position deteriorated in 2018/19, with a significant underperformance against its cost improvement plans. The Financial plan submitted for 2019/20 is not control total compliant and reflects further worsening of the financial position. Although there is evidence of improved cost improvement delivery infrastructures to support delivery of initiatives in 2019/20, at the time of the assessment less than 50% of schemes had been developed to the highest level of maturity.

- For 2018/19 the NHS trust did not achieve its control total of £41.5 million deficit excluding PSF and £23.7 million deficit inclusive of PSF. The NHS trust reported a deficit of £73.7 million excluding PSF (17.89% of turnover) and £68.8 million deficit including the PSF payment of £4.9 million. This was a deterioration against the previous year's reported position of £57.9 million deficit excluding STF (14.63% of turnover).
- A combination of factors contributed to the unfavourable performance. The NHS trust did not achieve its planned cost improvement target, and it incurred significant cost pressures associated with short term capacity provision at premium rates (in response to emergency demand pressures). The NHS trust's investment in the theatre utilisation improvement did not return the expected increase in activity and income, and it did not receive the performance incentive income due to non-achievement of finance and operational performance requirements.
- In 2018/19, the NHS trust significantly underperformed against its cost improvement plan, achieving only £7.6 million (1.56% of expenditure) of the £22.4 million plan (4.73% of expenditure). The NHS trust did not have in place the infrastructure required to ensure; implementation of initiatives, tracking of benefits and management of delivery risks, which resulted into substantial slippages against its large schemes, such as theatre productivity and workforce cost reductions. Because of this and other cost pressures, the NHS trust expenditure exceeded budget by £32.2 million (6%).

- The NHS trust's financial plan for 2019/20 is not control total complaint. The NHS trust is planning for a deficit of £82.8 million (19.6% of turnover) compared to a control total of £64.6 million. As at April 2019, the NHS trust was reporting a deficit of £8.7 million against its plan of £9.7 million deficit. The favourable variance is attributed to vacancies and differences in timing of planned and actual expenditure commitments. The underlying deficit run rate has not improved.
- The NHS trust calculated its recurrent deficit position as £82 million with up to £47 million (57%) identified to be within its control. The remainder is attributed to the costs associated with duplication of services across its sites and the legacy PFI contract. The NHS trust has an internal cost improvement target of £22.5 million which, although higher than the £13.7 million efficiency target submitted in the 2019/20 plan, still leaves scope for the NHS trust to further improve its financial performance. The NHS trust has not developed a financial recovery plan, this is pending completion of the clinical services strategy and the enabling workforce and support services strategies.
- At the time of the assessment, the NHS trust had identified schemes to the value of £16.2 million, with £2.5 million reported as fully developed. The NHS trust has strengthened its cost improvement delivery infrastructure with regular performance meetings led by the Chief Executive, and there is ongoing review of CIP development and tracking processes. The NHS trust has invested in human resources and project management capability to support delivery of the required efficiency targets.
- The NHS trust reported a turnover of £412 million in 2018/19, which was 96% of its income plan (a shortfall of £15 million), with the key contributor to this position being under achievement against performance related income. The NHS trust does not have any material commercial income streams, however it is exploring opportunities to maximise its NHS clinical income through improving utilisation of facilities and has agreed a contract to ensure income recovery for activity delivered.
- Due to its historical deficit position, the NHS trust is reliant on cash support in the interim to consistently meet its financial obligations and maintain its positive cash balance. At the time of the assessment, the total loan balance for both capital and revenue borrowing was £336 million and this is expected to increase further to £359.8 million. However, whilst it has a challenging cash position, the NHS trust improved its creditor payment performance, reporting payment of 80% invoices by number and 76% invoices by value within 30 days for 2018/19, compared to a performance of 64% and 65% respectively in 2017/18. This however is still below the BPPC target of 95%.
- Service line reporting has been developed at the NHS trust and improvements in costing data have enhanced quality of SLR information. The NHS trust expects to use SLR information to support development of clinical services strategy. Evidence provided however, did not demonstrate the regular use of SLR to monitor performance, with the most recent reports at the time of assessment relating to period - April to September 2018. The NHS trust also provided evidence to demonstrate use of costing information to support identification of improvement opportunities, however the historical nature of information does not evidence consistent use of costing data to identify efficiency opportunities and drive productivity improvements.
- The NHS trust commissioned external consultancies to support with development of workforce and service productivity improvement programmes, including theatre and outpatient facilities utilisation. The NHS trust has been able to demonstrate reductions in theatre cancellations and DNAs in outpatients, however there is limited evidence of improvements in workforce productivity, and the reported financial benefits related to workforce were £0.5 million against a cumulative spend of £1.9 million in 2018/19. The

NHS trust has not commissioned further support in 2019/20 and is looking to develop internal capability to deliver improvement programmes.

Areas for improvement

We have identified scope for improvement in the following areas:

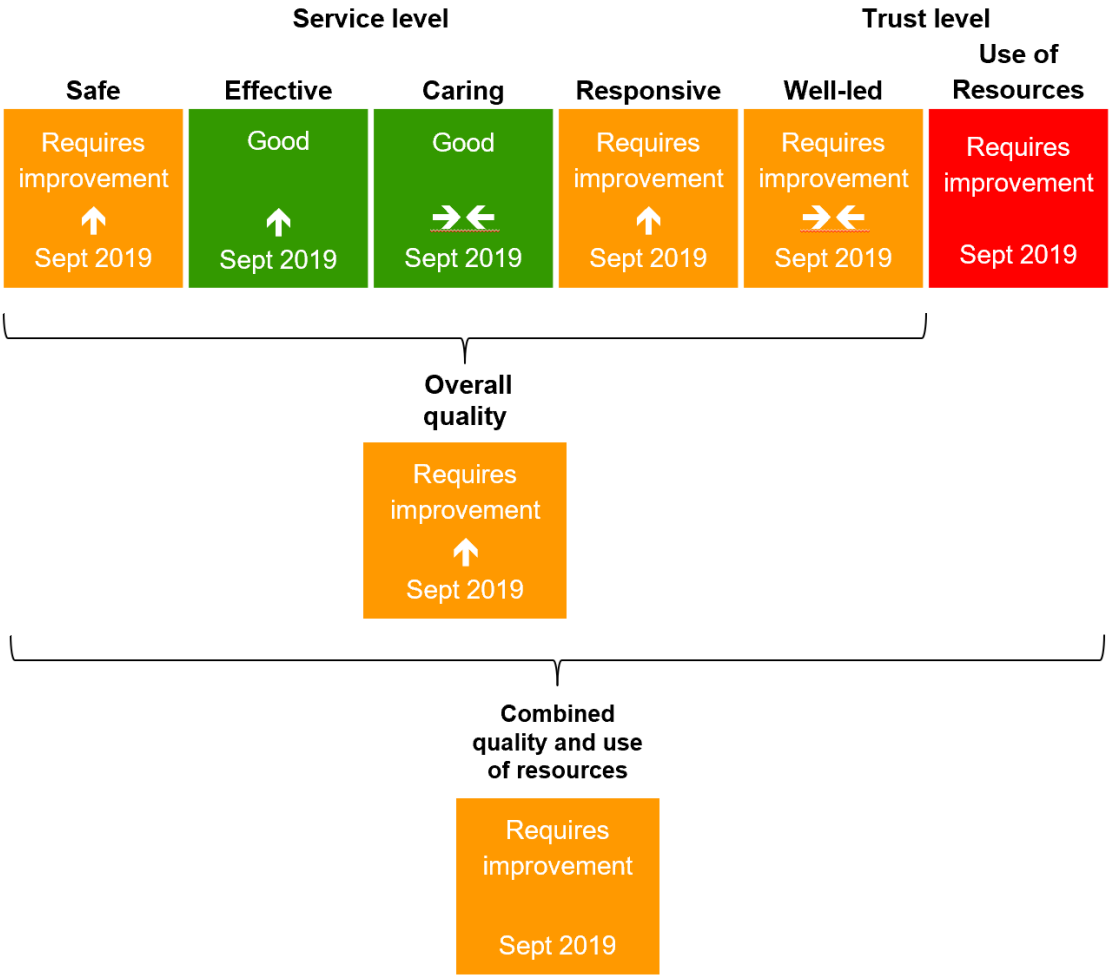
- The NHS trust should ensure optimisation of substantive workforce through its workforce deployment solutions, continue working to reduce dependence on temporary staffing and develop a sustainable workforce model.
- The NHS trust should ensure that workforce modelling for winter 2019/20 is timely and staffing requirements are sourced within budget.
- This NHS trust should continue working to achieve further efficiencies from collaborative working with partners including; hard to recruit services, medical bank, procurement and pathology services.
- Further work is required by the NHS trust to understand the key cost drivers within the Estates and Facilities function. Focus should remain on strengthening PFI contract management processes and securing more value from the arrangement.
- The NHS trust should reduce the high of cost delivering imaging services and continue working towards improved performance in all areas.
- The NHS trust should continue focusing on building internal capacity and capability to deliver trust wide workforce and service productivity improvements.
- The NHS trust should continue working to ensure improvement in performance against operational standards
- Continuous improvement of procurement process efficiency is still required to achieve competitive prices and drive down cost of purchases.

Ratings tables

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

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

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



Use of Resources report glossary

Term	Definition
18-week referral to treatment target	According to this national target, over 92% of patients should wait no longer than 18 weeks from GP referral to treatment.
4-hour A&E target	According to this national target, over 95% of patients should spend four hours or less in A&E from arrival to transfer, admission or discharge.
Agency spend	Over reliance on agency staff can significantly increase costs without increasing productivity. Organisations should aim to reduce the proportion of their pay bill spent on agency staff.
Allied health professional (AHP)	The term 'allied health professional' encompasses practitioners from 12 diverse groups, including podiatrists, dietitians, osteopaths, physiotherapists, diagnostic radiographers, and speech and language therapists.
AHP cost per WAU	This is an AHP specific version of the pay cost per WAU metric. This allows 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 but

cost per £100 million turnover	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.