Hampshire Hospitals NHS Foundation Trust

Use of Resources assessment report

Aldermaston Road
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www.hampshirehospitals.nhs.uk

Date of publication: 07/04/2020

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

Ratings

Overall quality rating for this trust	Good
Are services safe?	Good
Are services effective?	Good
Are services caring?	Outstanding
Are services responsive?	Good
Are services well-led?	Good

Are resources used productively?	Requires improvement

Combined rating for quality and use of resources	Good

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

Our combined rating for Quality and Use of Resources summarises the performance of the trust taking into account the quality of services as well as the trust's productivity and sustainability. This rating combines our five trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating.

Use of Resources assessment and rating

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

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

Combined rating for Quality and Use of Resources

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

The combined rating for Quality and Use of Resources for this trust improved. We rated it as good because:

- We rated safe, effective, responsive and well-led as good.
- We rated caring as outstanding.
- We considered the current ratings of the five core services across the three locations not inspected at this time. Hence, three core services are rated good, one core service is rated outstanding and three services across the trust are rated good overall.
- The overall ratings for each of the trust's acute locations went up by one rating to good.
- The trust was rated requires improvement for Use of Resources.

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Date of inspection visit: 15 January to 12 February 2020
Date of publication: 07/04/2020

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

Proposed rating for this trust?	Requires improvement

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 .

We visited the trust on 10 December 2019 and met the trust's executive team (including the chief executive), a non-executive director (in this case, the chair) and relevant senior management responsible for the areas under this assessment's KLOEs.

Findings

Requires improvement

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

We rated Use of Resources as requires improvement. The trust had seen a material increase in its unscheduled care activity which had impacted its ability to improve its productivity and it had not progressed significantly

on the areas we had identified in our previous assessment in 2018. Although the trust showed some areas of good productivity, for example on pathology, imaging and procurement, it needed to further progress, on workforce productivity. The trust continued to be challenged to deliver against operational standards. The trust's financial performance had markedly deteriorated during 2019/20 and it still needed to finalise its financial recovery plan at the time of our assessment.

- This was the second time we assessed the trust for use of resources. We previously assessed the trust in June 2018 and rated the trust 'requires improvement' for its use of resources. We made several recommendations previously around pay costs, medical productivity, estates strategy, pharmacy services and understanding of the high cost services within the trust. We found the trust had made progress with our pharmacy recommendations and estates. The trust had started to address its medical productivity although further work was required. Pay costs were higher due to the pressure on non-elective activity and further work was required to fully develop the use of patient level costing and service line reporting.
- Since January 2019, the trust had seen an unforeseen material step change in unscheduled activity in excess of what had been seen generally across England which has put pressure on the trust to deliver its services within its current capacity. The trust had delivered several productivity improvements during the year which benefits have been to absorb the increase in activity rather than improve operational or financial performance.
- Based on the latest data available at the time of the assessment (2017/18), the trust had an overall cost per weighted activity unit (WAU) of £3,444 which benchmarked in the second lowest (best) quartile nationally. At the time of completing our report, the Model Hospital had just released costs per WAU for 2018/19 which, although based on a different methodology than for 2017/18, gave an indication that the trust's relative productivity had remained stable 2017/18 to 2018/19.
- The trust benchmarked favourably on most clinical service metrics although at the time of this assessment, the trust was not meeting any of the constitutional standards and its performance against the 4-hour accident & emergency standard benchmarked in the worst quartile nationally. The trust had initiatives to improve clinical productivity with some evidence of progress (e.g. same day emergency care, reduction in delayed transfers of care, theatre touch time utilisation) although several of these initiatives had started recently and were yet to make an impact.
- Despite these initiatives, the trust continued to have high delayed transfers of care and its rate of conversion between day case and inpatient was higher than national median.
- The trust's pay cost per WAU for 2017/18 (latest data available) benchmarked in the second highest quartile nationally and pay costs had continued to increase in 2018/19 and 2019/20 as a result of the unexpected increase in unscheduled care activity and the investment made by the trust following the concerns raised by the Care Quality Commission. The trust had not materially progressed on addressing its low medical productivity with further work to do. The trust did not have e-job planning and e-rostering in place yet although this was planned to be implemented during 2020 and would help the trust in improving its workforce productivity. The trust's agency spend was materially above its ceiling set by NHS Improvement and its plan for 2019/20 although initiatives were progressing to try and reduce their reliance on agency staff.
- The trust had worked on diversifying its staff with the introduction of new roles. Its sickness rate benchmarked well against the national median, but the trust could improve on its retention which was slightly below the national median.
- The trust benchmarked overall well on clinical support services in particular around pathology where the trust was contributing to the development of the local pathology network and its imaging services. The pharmacy services presented a more mixed picture with high medicines cost per WAU and slow uptake on switches to biosimilar medicines. The trust had increased the level of savings delivered during 2019/20 and had invested in technology to improve the productivity of the service.
- Corporate services (Finance, Human Resources (HR) and Information Management & Technology (IM&T)), all benchmarked below the national median. However, further investment needed to be considered in the finance function to ensure the trust was providing the financial improvement support necessary to divisions and clinicians. The trust was a 'fast follower' Global Digital Exemplar and had plans to deliver innovative technology to support its services. The trust's procurement service benchmarked very well against other procurement department, being 16th on the NHS Improvement procurement league table.
- The trust's cost of running its estates benchmarked well against national comparators. The trust had a high backlog maintenance due to the age of its estates but was working with commissioners to develop a plan to modernise the estate, following receipt of capital.
- The trust's financial performance had deteriorated. The trust had met its control total in 2018/19 but supported by non-recurrent measures and although it had a plan to deliver its control total for 2019/20, at the time of the

assessment, the trust had declared it would deliver a £18.8 million deficit which was £18.3 million worse than plan. The trust's underlying financial position had also deteriorated considering cost pressures and its inability to deliver recurrent cost improvement plans. At the time of the assessment, the trust had received support to aid the development of a plan to improve its financial position. The trust had patient level costing but had not had the capacity to use the information to work with divisions to identify high cost areas and cost improvement opportunities.
- The trust had managed its cash position well during the year to delay the need for cash revenue support although there were signs that considering its financial deficit the trust needed to draw on its working capital facility more frequently.

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 benchmarked favourably for most clinical services metrics, however, except for the diagnostics 6-week wait standard, the trust was generally performing below national median and recommended peers against the operational performance standards. The trust was making progress to improve clinical productivity, however, several of these initiatives had started recently and were yet to bear fruit.

- At the time of the assessment, the trust was not meeting the four constitutional operational performance standards around 18-week referral to treatment (RTT), cancer 62-day wait, 4 hours accident & emergency (A&E) and 6-week diagnostics.
- The trust's A&E performance was below 90% throughout 2018/19 and in 2019/20 up to October 2019 (the latest data available at the time of the assessment). For the first six months of 2019 the trust's performance was generally in line with national median and recommended peers. However, at October 2019, performance was 76.3% which meant that the trust was in the bottom quartile nationally for A&E performance.
- Poor A&E performance was due to a combination of patient flow out of the emergency department (ED) and the processing capability of ED teams. There had been a significant increase in type 1 A&E attendances (i.e. major emergency department) during 2019/20. At October 2019, this activity was approximately 9% higher than plan activity and 10% higher than the same period in 2018/19. Non-elective admissions had also increased and in October 2019 were 13% higher than plan activity and 16% higher than the prior year.
- Activity increases had been partially absorbed by the trust increasing same day emergency care (SDEC) and reducing length of stay (LoS). SDEC has been increased as a proportion of non-elective care over 2019/20. This has been done through the expansion of the ambulatory medical unit and a surgical assessment unit.
- The trust reported the number of bed days lost due to delayed transfers of care (DTOC) of 1,723 in March 2019. The trust benchmarked in the highest (worst) quartile nationally and was higher than the national median of 579. Average non-elective length of stay was higher than the national and peer medians at March 2019, however, this had reduced by 0.7 days during 2019/20. The number of long stay patients (more than 21 days) had also reduced during 2019/20 by 174 patients (14.5%). The digital care transformation project was helping the trust to reduce non-elective length of stay through a combination of schemes, including e-letters, e-whiteboards and e-obs. These tools had enabled projects such as SAFER ward working, daily board rounds, Red2Green and predicted discharge dates to be more effectively implemented.
- However, despite these initiatives, the increase in activity had meant that A&E performance had not demonstrated consistent improvement.
- The trust had not met the cancer 62-day wait standard since February 2018 and at September 2019 (latest data available), the trust's performance was 79.48% which was slightly below the national median and below recommended peers' performance.
- The trust's performance on the 18-week RTT was 82.79% in November 2019 which was below the national median and recommended peers. There were also 4 patients that had waited longer than 52 weeks for treatment. The trust had maintained its overall waiting list over 2018/19, although at the time of the assessment this was 2,270 higher than in March 2019. Demand had been higher than expected with total referrals 6.7% higher than plan and 4.7% higher than the prior year.
- The trust was taking measures to improve its elective performance and efficiency and the digital care transformation project would contribute to this. The system-wide outpatient transformation project had helped to increase the number of non-face-to-face appointments by 1,300 year to date in 2019/20. There had been an increase in the

proportion of day case procedures as a percentage of total elective procedures during 2018/19, however at quarter 4 2018/19 (latest data available) this was slightly below national and peer medians. Theatre touch time utilisation at the trust was 91% which was significantly above (better) the national median of 80% and the national benchmark value of 85%.

- The trust had last met the diagnostics 6-week wait performance target in February 2018 and after a period between March 2018 and December 2018 when the trust's performance had dropped significantly and then recovered, it had been operating closer to the national and peer medians. The trust had had problems with equipment reliability due to age and was addressing this with a two-year capital replacement programme.
- Patients were less likely to require additional medical treatment for the same condition at this trust compared to other trusts. At 9.28%, emergency readmission rate was below the national median as at quarter 2, 2019/20.
- At quarter 2, 2019/20, fewer patients were coming into hospital unnecessarily prior to treatment compared to most other hospitals in England.
  - On pre-procedure elective bed days, at 0.09, the trust was performing in the second lowest (best) quartile and below the median of 0.12.
  - On pre-procedure non-elective bed days, at 0.52, the trust was also performing close to the lowest (best) quartile below the national median of 0.65.
- Clinical productivity was tracked by the services and overseen by divisions. This was then managed on a trust-wide perspective by the quality committee. At quarter 1, 2019/20 the trust had a day case rate for the British Association of day cases surgery procedures which was 77%, in line with national and peer medians. However, the rate of conversion from day case to inpatient stay was 15%, significantly higher than the peer median of 10.5% and national median of 11%. The trust was trying to improve this through changing the timetabling of day case procedures.
- The 'did not attend' (DNA) rate for the trust was low at 6.20% for quarter 2, 2019/20 and the trust benchmarked just above the lowest (best) quartile nationally compared to the national median of 7.13%. The trust explained that this was driven by multiple interactions with patients before appointments including automated text messages and phone calls.
- The trust has engaged well with GIRFT and had robust governance in place with the trust GIRFT lead chairing the monthly GIRFT implementation group. The trust recently undertook a major reconfiguration the trauma & orthopaedics (T&O) service based on GIRFT recommendations to split between urgent and elective procedures for the two main trust sites at Basingstoke and Winchester.

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

The trust's pay cost per WAU for 2017/18 (latest data available) benchmarked in the second highest quartile nationally and pay costs had continued to increase in 2018/19 and 2019/20 as a result of the unexpected increase in unscheduled care activity and the investment made by the trust following the concerns raised by the Care Quality Commission. The trust continued to have high medical costs per WAU. The trust did not have e-job planning and e-rostering and its agency spend was increasing and was set to be materially above plan in 2019/20, although the trust had initiatives to reduce it. The trust had worked on diversifying its staff with the introduction of new roles. Its sickness rate benchmarked well against the national median, but the trust could improve on its retention which was slightly below the national median.

- For 2017/18 the trust had an overall pay cost per WAU of £2,296, compared with a national median of £2,180, placing it in the second highest (worst) quartile nationally. This meant that it spent more on staff per unit of activity than most trusts.
- The trust's medical cost per WAU of £648 was significantly higher than the national median of £533 and placed it near the top of the highest (worst) quartile. Nursing cost per WAU of £762 was also above national median at £710. The trust benchmarked much closer to the national median for allied health professionals (AHPs) cost per WAU of £131 compared to a national median of £130.
- At the time of our prior assessment in June 2018, we raised concerns about the trust's medical productivity, particularly around the lack of understanding of the drivers of the low productivity, job planning and the level of direct clinical care (DCCs) activities in consultants job plans. At the time of this assessment, the trust could demonstrate some progress although further work was required, in particular to demonstrate an impact on medical productivity. The trust had a programme of work in place to collate information needed to understand and optimise medical productivity, with 50% of job plans held electronically at the time of the assessment. This included electronic job planning and electronic rostering through the Allocate system. The trust had recently reviewed the

structure and remuneration for medical leadership to standardise and control pay for senior medical leaders and introduced for new joiners a reduction in the number of supporting professional activities (SPAs) to be in line with national expectations. The trust also anticipated that improvement in theatre productivity and DTOCs would result in lower medical costs, although this was early to say.

- The trust acknowledged the growth in pay costs since 2017/18, some which related to investments to meet demand and improve quality (e.g. paediatric capacity in ED, SDEC). Some of the increase related to the increase in staff to address the concerns raised by the CQC during their last inspection. The trust was working on implementing electronic job planning for all staff by April 2020 and electronic rostering for 100% of staff by July 2020 to support the more efficient deployment of its staff and the trust was looking to improve the early sign off of rotas from around 4 weeks at the time of the assessment to 8 weeks or more. The trust was not able yet to deploy staff based on acuity but compensated by daily staffing meetings and clinicians of the day.
- The trust reported that the increase in staffing had been mainly through agency staff. The trust did not meet its agency ceiling as set by NHS Improvement for 2018/19 and was forecasting to miss its ceiling in 2019/20. Data available at the time of the review (2017/18) showed it was spending less on agency staff per WAU than the national median (£68 compared to £107). However, it was noted that agency costs had increased significantly in 2018/19 and 2019/20 with the agency spend up to December 2019 being higher than the total yearly spend in 2018/19 (£11.7 million and £10.4 million respectively). The trust anticipated to spend £10 million more on agency than initially planned in 2019/20. This was mainly caused by nursing increases in the Emergency Department and the initial increase in staffing following concerns from the CQC after their inspection in 2018.
- The trust had worked to convert agency staff into substantive roles where possible, focused on recruitment, including internationally, and developed its staff bank. The trust was part of Locum's Nest and collaborated with another eight acute trusts regionally. The trust was also working with Winchester University to develop training programmes.
- The trust had worked on diversifying its staff where it experienced difficulties to recruit. The trust had introduced new roles such as nurse consultants, care practitioners in ED and therapy, pharmacy technicians to work on wards. The trust also continued training into new roles, e.g. physician associates.
- The latest data, from December 2018, showed that staff retention at the trust was slightly below national and peer medians, with a retention rate of 84.5% against a national median of 85.6% and a peer median of 85.2%. The trust is aiming to improve this through adopting cultural improvement models, improved training and development and by increasing the proportion of substantive staff. The trust had introduced a new virtual learning environment in April 2019, Green Brain. This was in response to staff survey and included all mandatory training and saved on training time. Since launching the programme, the trust had seen a significant increase in compliance with mandatory training.
- At 3.92% in September 2019, staff sickness rates benchmarked in the second lower (best) quartile and were better than the national median of 4.11%.

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

The cost of pathology services was high. However, the trust had prioritised the consolidation of its services that would improve the productivity of the pathology network going forward. The cost of the imaging service benchmarked well against other trusts and the trust had been successful in reducing its DNA rate and use of agency staff for imaging. The trust had a high medicines cost per WAU and the trust had been improving the speed of uptake of biosimilars. The trust was using technology innovatively to improve access and efficiency.

- The overall cost per pathology test was high with an overall cost per test of £2.52 against a national median of £1.82 in 2018/19 which put the trust in the second highest (worst) quartile. However, Model Hospital data suggested the cost had been reducing over the last three years from a base of £2.85 in 2016/17. The trust was a leading member of the Southern Counties South 6 Pathology network that was progressing well towards consolidating its services. The trust had led on the collaborative managed service contract for most pathology services which was in advanced stages and likely to save the trust £1 million from late 2020. The network was also working on collaborative procurement of a fully integrated laboratory information management system (LIMS) platform for the network.
- The trust recognised that in pursuing the network model it had delayed the trust making efficiencies at higher levels over the last 18 months. Our assessment was that the trust focusing on the network and being proactive in driving greater productivity across the wider network was the right thing to do and had put the network in a good place to realise greater efficiencies in the coming years.

- The trust's imaging services benchmarked in the second lowest (best) quartile for cost per report (£49.43 compared to a national median of £55.10 for 2018/19), and used skill mix effectively with radiographers reporting studies in a range of modalities and assistant practitioner roles. The trust had been successful in reducing agency to 3.3% of total imaging costs compared to the national median of 6% for radiology departments by changing staffing hours by listening to staff through a staff consultation and through international recruitment. The trust DNA rates in all radiology services benchmarked in the lowest (best) quartile against the national median with the trust focusing on hot lists, mix between inpatient and outpatient activity and daily reviews of slot availability.
- At March 2019 the trust had high levels of backlog for MRI when compared nationally (1.52% compared to the national median of 0.38%) placing it in the worst quartile nationally. The trust had been impacted by a reduction of the number of professional activities (PAs) from consultants due to pension issues at national level and had limited outsourcing capacity available. At the time of the assessment the trust advised that it had plans in place to overcome these issues and improve the position. Imaging was an area where the data on Model Hospital, in particular for equipment, was incomplete. The trust needed to work with the Model Hospital team to ensure these were complete.
- The trust's medicines cost per WAU was high when compared nationally at £385 compared with the national median of £368 (for the 12 months to October 2019) placing it in the second highest (worst) quartile. Following our previous use of resources assessment, the trust had invested in a pharmacy management system which had given it greater transparency of pharmacy activity and spend. The trust was slow to uptake on the biosimilar switches and had learned lessons that had improved the speed at which further biosimilars had been switched. The trust's savings on top ten medicines were above the baseline to March 2019 and totalled £1.4 million compared to a peer median of £1.54 million. However, for the 9 months to December 2019 this had increased to £3.6 million compared to the national median of £1.8 million. The trust had installed robotic dispensing at its Basingstoke site that had improved stock management and freed up time for pharmacists to actively prescribe. The trust was currently investing in new pharmacy facilities at the Winchester site including installation of robotic dispensing.
- The trust was using technology to improve access to the hospital services. In addition to those improvements on clinical services as described above, which had generated £1 million savings, the trust had also made links with primary care so that patient records at GP services were updated automatically. The trust also had strong links to University Hospital Southampton NHS Foundation Trust as the local Global Digital Exemplar trust.

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

The trust delivered its corporate services efficiently and the procurement function was ranked 16th out of 133 trusts in the procurement league table. The cost of the day-to-day running of the estate was achieved at a low overall cost. However, there was an extremely high level of backlog maintenance that the newly awarded capital funding would address.

- For 2017/18 the trust had an overall non-pay cost per WAU of £1,277 (lowest (best) quartile) compared with a national median of £1,301. This represented a relative improvement on the prior year compared nationally and suggested that the trust had been able to reduce its spending on supplies and services.
- The cost of running the finance, HR and IM&T departments (respectively £0.459 million, £0.888 million and £2.347 million per £100 million turnover) were all lower than the national medians of £0.705 million, £1.088 million and £2.521 million per £100 million turnover respectively. Within the finance function, the trust had outsourced its accounts payable and receivable functions which was deemed to be the most effective way to deliver these services. The cost of the management accounts function was low at £0.126 million per £100 million turnover compared to the national median of £0.260 million per £100 million turnover. This was an area that the trust may have wanted to invest in to support the financial improvement service provided to its clinical staff.
- The trust had invested in its HR function with costs increasing from £0.808 million per £100m turnover in 2017/18 to £0.888 million per £100 million turnover. The trust had invested in its international recruitment function to help improve its vacancy position. The trust was launching a collaborative bank function across the Hampshire providers and was reviewing other functions within HR that may be consolidated wider across the local health system.
- The trust's IM&T costs for 2018/19 were in the second lowest spend quartile (at £2.347 million per £100m turnover) and had improved compared to its position in the second highest quartile spend for 2017/18.
- The cost of the procurement function benchmarked in the second highest (worst) quartile at £0.232 million per £100 million turnover against the national median of £0.208 million per £100 million turnover for 2018/19. However, the trust ranked 16th in NHS Improvement's procurement league table at the time of the assessment and it had just

commenced its joint venture with University of Southampton NHS Foundation Trust (from 1st December 2019). The trust had notable good practice in the procurement of orthopaedic supplies by running a competitive tendering based on standardisation. As at quarter 4 2018/19, the trust was performing in the lowest (best) quartile for both the price performance and process performance scores.

- The overall cost of running the estate benchmarked well against national comparators - £369 per square meter against a national median of £377 putting it in the second lowest (best) quartile (2018/19 data). At the previous use of resources assessment, laundry and linen costs and cleaning costs benchmarked high against other trusts. However, since then, the trust had retendered the laundry and linen contract and benefitted from a reduction in prices. The trust reported it had actively invested in its cleaning service, which was at a higher price point (£57 per square meter against a peer median in 2018/19 of £43 per square meter) as it believed this ensured that facilities were at a high level of availability and infection control was well managed.
- The trust had a high level of backlog maintenance at £589 per square meter compared to a national median of £291 per square meter placing it in the highest (worst) quartile of trusts nationally. The higher percentage of the backlog was at Basingstoke and North Hampshire Hospital, which was originally constructed in the 1970s. The age of this estate also led to a high level of underutilised space at 3.8% compared to peers of 0.8%. The trust had secured some initial funding of £5 million as part of the Health Infrastructure Plan Phase II (HIP2) and was working with its commissioners to develop the strategic outline business case for the strategic investment for the transformation of care services for North and Mid Hampshire. The trust was also considering the future reconfiguration of the Winchester site. These projects would help to reduce the backlog maintenance (by circa 80%) and also improve the productivity of its estates and facilities function.

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

The trust's financial performance had deteriorated since our last assessment. The trust had met its control total in 2018/19 through non-recurrent measures and at the time of the assessment, the trust did not expect to meet its control total and expected to deliver a deficit £18.3 million worse than plan. The trust's underlying financial position had also deteriorated in 2019/20 considering cost pressures and inability to deliver recurrent cost improvement plans. The trust was receiving support to develop a financial recovery plan. The trust had patient level costing but had lacked capacity to use this information to support divisions to identify high cost areas and cost improvement opportunities. The trust had managed to delay the need for cash revenue support although there were signs that, considering its financial deficit, the trust needed to draw on its working capital facility more frequently.

- In 2018/19, the trust had delivered a £6.2 million deficit (excluding provider sustainability funding (PSF); £7.8 million surplus including PSF) which represented 1.56% of its turnover and was in line with its control total agreed with NHS Improvement. The 2018/19 financial position represented an improvement on 2017/18, when the trust delivered a deficit of £14.6 million excluding transformation and sustainability funding (STF). However, during 2018/19, the trust experienced significant pressures following unforeseen step change in activity for unscheduled care and additional investment to address the CQC's concerns following its 2018 inspection. The trust achieved its plan through non-recurrent measures estimated by the trust at £9.0 million (including £4 million from the surplus of land sale and £3 million from additional commissioner's income).
- For 2019/20, the trust had a plan to deliver a £0.5 million deficit excluding PSF and MRET (central emergency funding); £12.2 million surplus including PSF and MRET), which represented 0.12% of its turnover. This was in line with its control total and was a continued improvement on 2018/19. However, at the end of December 2019, the trust was £8.9 million behind its plan and forecasted to deliver an £18.8 million deficit, £18.3 million worse than plan and a deterioration on 2018/19. The trust revised position was the result of the step change in unscheduled care activity which resulted in increase in pay costs and impacted the trust's ability to deliver the planned cost improvements which already included a material gap at the time of planning.
- The trust had been operating with an underlying deficit for several years and the trust understood this was driven by historical performance before the trust was formed through the merger of two hospitals and the continued operation of both hospitals with limited service consolidation. This had been exacerbated recently by the pressures experienced by the trust and detailed above. The underlying financial performance was set to deteriorate between 2017/18 from £16.2 million deficit to £24.0 million as reported by the trust (December 2019).
- Considering the financial position, the trust had brought in additional senior financial support to review the trust's current plans, governance and ability to secure sustainability in the medium and long term. At the time of the assessment, the trust had just received the outcome of the review which highlighted a wide range of areas the trust should progress with and suggested actions the trust could take.

- The trust had delivered 102% (£14.5 million) of its cost improvement in 2018/19 representing 3.4% of expenditure, although only 54% was delivered recurrently. The trust had achieved its plan with additional income (£4.3 million) and non-pay schemes (£1.0 million) while pay savings were lower by £5.0 million. The trust set itself a cost improvement plan (CIP) of £17.5 million (3.98% of expenditures) in 2019/20, 81% recurrent. At the start of the year, the trust however had £8.1 million unidentified CIPs (46% of total CIP) which reflected the gap between the trust's original plan and its control total. The trust was not able to make progress with identifying these schemes and at the time of the assessment, the trust expected to under-deliver its plan. Several schemes were forecast to under-deliver such as medical productivity (by £0.8 million), patient flow (by £1.1 million), procurement (by £1.4 million) amongst the most significant. At the time of the assessment, and following the review mentioned above, the trust was working to strengthen its programme management office to support the delivery of the 2020/21 schemes.
- The trust had a minimum income guarantee contract with its main commissioners which meant its income level was largely fixed. This meant that the trust, in the context of a financially pressured local health system, was looking to decrease costs rather than earn more income out of increased activity. The trust's contract value for 2019/20 had however increased by 5.2% on 2018/19 although this was agreed before the realisation of step change in unscheduled care activity in 2019. At the time of the assessment, the trust was discussing a revised contract with its commissioners likely to include a risk sharing agreement.
- The trust had developed patient level costing information (PLICS). It however recognised that its focus had been on the national mandatory submission of PLICS data and considering its small costing team, it had not progressed with wider engagement across the trust on the use of this data as a business intelligence tool. At the time of the assessment, the trust had increased its costing team capacity and was looking to improve the quality of its data and develop business engagement. Additionally, the trust did not have a Programme Management Office (PMO) in place to support the range of transformation and change programmes it was undertaking.
- The trust had a liquidity rating of 1 (best) for 2018/19. At the time of the assessment, the trust's latest forecast for 2019/20 anticipated a deterioration to a rating of 3 (4 being worst). The trust had managed to maintain its cash position by accessing its £25 million working capital facility held with the Department of Health and Social Care (DHSC). However, drawdowns were becoming more frequent as a result of the trust's financial pressures and with the trust not achieving its control total for 2019/20, it was set to receive £5 million less PSF for that year with a consequent impact on its cash position.
- The trust had a debt service cover rating of 4 (worst) for 2018/19 and 2019/20. At the end of 2018/19, the trust had outstanding debt of £20.4 million mainly from capital loans and working capital facility with the DHSC. The trust anticipated its debt to increase to £29.7 million in 2019/20 mainly due to draw downs on its working capital facility.
- The trust earned commercial income from various services including staff accommodations, car parking, catering and private patients services. The trust also received income from pathology services to GPs and its pharmacy unit. The trust had a private patient unit which it forecasted would earn £7.0 million of income in 2019/18, slightly higher than in 2018/19. The trust was considering its strategy to continue to grow private patient income.
- The trust used management consultancy services on an ad hoc basis when support was required and reported on its contracts to its finance and investment committee. The trust had spent £0.4 million on consultancy in 2018/19 and this was set to increase to £0.6 million in 2019/20. The trust had received support to improve its financial position and its ED performance during 2019/20.

Outstanding practice

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

- The trust has launched its Green Brain virtual learning environment which covers all mandatory training. This has been popular with staff, has saved on training time and increased compliance with mandatory training.
- The trust has notable good practice in the procurement of orthopaedic supplies by running a competitive tendering based on standardisation.

Areas for improvement

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

- The trust needs to continue to drive its delayed transfers of care rate towards the national median.

- The trust needs to reduce the rate of conversation of day cases into inpatient stays to be closer or better than the national median.
- The trust must continue its effort to drive the initiatives it is progressing (including with job planning and e-rostering) to materially improve its medical productivity.
- Although we understand the step change in unscheduled care in 2019, the trust needs to consider how it can reduce its overall pay costs and in particular its reliance on agency staff.
- The trust needs to progress with its plan to address its capacity issues with its imaging services driven by national pension issues and limited outsourcing capacity available.
- The trust must work with the Model Hospital team to ensure it is able to provide information on equipment in the future.
- The trust needs to consider how it can enhance the capacity of the finance function to better support divisions and clinicians to understand the contribution of their services and make decisions to ensure the sustainability of services.
- The trust needs to progress at pace to develop a financial recovery plan that will stabilise its financial deficit in the short term and ensure longer term sustainability of its services.
- The trust needs to progress at pace in engaging with its divisions and clinicians in developing the use of patient level costing information and service line reporting.
- The trust needs to establish more effective control over its change and transformation activities by developing an approach based around a programme management office.

Ratings tables

Key to tables					
Ratings	**Not rated**	**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 last rating published					

***** 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

Service level

Safe	Effective	Caring
Good ↑ Jan 2020	Good ↑ Jan 2020	Outstanding ↑ Jan 2020

Trust level

Responsive	Well-led	Use of Resources
N/A	N/A	Requires improvement ➔➔ Dec 2019

Overall quality

Good ↑ Jan 2020

Combined quality and use of resources

Good ↑ Jan 2020

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.

Term	Definition
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.

Term	Definition
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.

Term	Definition
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.