BRIEIFING FOR:	**REPORT TO BOARD OF DIRECTORS AS RECEIVED BY FINANCE AND PERFORMANCE COMMITTEE**
DATE:	**8 SEPTEMBER 2017**
SUBJECT:	**NHS IMPROVEMENT (NHSI) – USE OF RESOURCES ASSESSMENT FRAMEWORK**
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PAPER AUTHOR:	**TRUST SECRETARY**
PURPOSE:	**DISCUSSION**
APPENDICES:	**APPENDIX 1 – KEY LINE OF ENQUIRY PROMPTS APPENDIX 2 – NHSI USE OF RESOURCES ASSESSMENT FRAMEWORK**

USE OF RESOURCES ASSESSMENT FRAMEWORK

1. INTRODUCTION

1.1. NHS Improvement (NHSI) and the Care Quality Commission (CQC) have now published their final Use of Resources (UoR) Framework following feedback from its consultation; it has also been informed by 7 pilots the output of which has helped to refine the Framework. NHSI will introduce UoR assessment alongside CQC's new inspection approach from autumn 2017. The next step will see the CQC and NHSI consulting on how the UoR ratings can be combined with other ratings to yield an overall trust-level rating and it anticipates this will be introduced from 2018.

1.2. NHS Improvement's Use of Resources assessments aim to help patients, providers and regulators understand how effectively trusts are using their resources to provide high quality, efficient and sustainable care in line with the recommendations of Lord Carter's review of Operational productivity and performance in English NHS acute hospitals.

1.3. The principles that underpin the Use of Resources assessment are that it should:

1.3.1. lead to a focus on better quality, sustainable care and outcomes for patients
1.3.2. be proportionate, minimising regulatory burden, and draw on existing data collections where possible
1.3.3. be clear to trusts what information NHSI / CQC will look for and what 'good' looks like – all data will be made available to all trusts through the Model Hospital
1.3.4. promote good practice to aid continuous innovation and improvement
1.3.5. help NHSI / CQC to identify trusts' support needs through the Single Oversight Framework, as well as being a useful improvement tool for organisations.

1.4. The Framework mirrors the structure of the joint Well-Led framework and CQC's inspection approach, where key lines of enquiry (KLOEs), prompts and metrics are used for a balanced assessment of a trust.

2. USE OF RESOURCES: THE ASSESSMENT

2.1. Use of Resources assessments will be based on a number of Key Lines of Enquiry (KLOEs), with each KLOE having a set of metrics through which to assess each trust. These are set out in the table below:

Table 1 – Assessment

UoR Area	KLOE	Metric
Clinical Services	How well is the trust using its resources to provide clinical services that operate as productively as possible and thereby maximise patient benefit?	• Pre-procedure non-elective bed days • Pre-procedure elective bed days • Emergency readmissions (30 days) • Did not attend (DNA) rate
People	How effectively is the trust using its workforce to maximise patient benefit and provide high quality care?	• Staff retention rate • Sickness absence rate • Pay cost per weighted activity unit (WAU) • Doctors cost per WAU • Nurses cost per WAU • Allied health professionals cost per WAU (community adjusted)
Clinical Support Services	How effectively is the trust using its clinical support services to deliver high quality, sustainable services for patients?	• Top 10 medicines – percentage delivery of savings target • Overall cost per test
Corporate services, procurement, estates and facilities	How effectively is the trust managing its corporate services, procurement, estates and facilities to maximise productivity to the benefit of patients?	• Non-pay cost per WAU • Finance cost per £100 million turnover • Human resources cost per £100 million turnover • Procurement Process Efficiency and Price Performance Score • Estates cost per square metre
Finance[1]	How effectively is the trust managing its financial resources to deliver high quality, sustainable services for patients?	• Capital service capacity • Liquidity (days) • Income and expenditure margin • Distance from financial plan • Agency spend

2.2. The starting point for Use of Resources assessments will be an analysis of trust performance against a small number of initial metrics, local intelligence gathered during NHS Improvement's day-to-day interactions with the trust, as well as any other relevant evidence.

2.3. This analysis will be followed by a qualitative assessment carried out during a one-day site visit to the trust and using the KLOEs and prompts to help probe trust performance in a consistent and comparable manner.

2.4. All relevant evidence will be collated into a brief report and used to reach a proposed rating of outstanding, good, requires improvement or inadequate in accordance with CQC practice. Appendix 1 (page 12) includes a section on ratings characteristics and describes what each rating level looks like.

[1] Currently the metrics in the Finance area are those in the Single Oversight Framework (SOF), changes to the SOF are currently being consulted on but NHSI / CQC will use a consistent set of metrics.

2.5. NHSI will also submit the draft Use of Resources assessment report and proposed rating to CQC, which will consider it as part of the process of preparing and finalising its trust-level inspection reports.

2.6. In a similar way to CQC's inspection process and as part of CQC's provider information return, the Trust will be asked to provide brief, high-level commentary against each KLOE ahead of each assessment. The Trust will also be asked to review NHSI's analysis of the initial metrics and share more recent data that they think might be helpful to inform the assessment.

2.7. Until the Trust has undergone a UoR assessment NHSI will use the Finance Score (from the Single Oversight Framework), alongside other evidence relating to use of resources to identify any support required.

3. USE OF RESOURCES: THE EVIDENCE

3.1. NHSI will draw on a wide range of evidence that will include the initial metrics (as above), additional data or information collected by them and shared by the Trust, local intelligence from NHSI's day-to-day interactions with the Trust, and evidence gathered during the qualitative assessment.

3.2. The table below shows how the information provided will be used.

Table 2 – the evidence

Initial Metrics[2]	• How is the trust performing on each initial metric? • Is the trust an outlier on any of the initial metrics?
Additional Evidence	• Is the trust an outlier on any of the wider set of metrics (eg Model Hospital, Getting It Right First Time (GIRFT), data supplied by the trust)? • Is there any data or information, shared with us by the trust, which is used internally to assess productivity?
Local Intelligence	• Are there any areas of finance and productivity not covered by the metrics where the trust's performance is notable? Are there any areas of unrealised efficiencies? • What do we know about the trust's performance more generally, eg cost improvement programmes, private finance initiatives, local health and care economy context?
Qualitative Assessment	• See the KLOE's in Table 1

3.3. For all metrics NHSI will ask the following general questions:

3.3.1. How does performance compare with the national average and the trust's peer group?
3.3.2. Has the measure improved or deteriorated in the last 12 months?
3.3.3. Is there a reason or relevant context for the trust's performance?
3.3.4. Has the trust implemented any activities or interventions to improve performance as appropriate in the given area? Have these been effective?

3.4. Once the Trust has undergone a UoR assessment and has a proposed rating the draft report will be used against the Finance Score to inform the support needs.

[2] All the initial metrics will be made available through the Model Hospital. Some of these are new and still being refined, this will be taken into consideration during the assessment process.

3.5. In between assessments, NHSI will continue to monitor the Finance Score and metrics in the Model Hospital to keep support needs under review.

4. ACTIONS

In order for the Trust to be fully prepared for its UoR assessment the following actions are suggested:

- Executive Management Team and Divisional Leadership Teams to put in place a mechanism to agree the high level commentary and assessment against the ratings for the information return for each KLOE (para 2.6); and

- Executive Management Team to provide a proposal to the Board of Directors on the reporting against the UoR Assessment Framework.

APPENDIX 1: KEY LINE OF ENQUIRY PROMPTS

Clinical services: How well is the trust using its resources to provide clinical services that operate as productively as possible and thereby maximise patient benefit?	• How far are delayed transfers of care that are within the trust's control leading to a lack of bed capacity and/or cancellations of elective operations? • Is the trust improving clinical productivity (elective and non-elective) by doing what could reasonably be expected of it in co-ordinating services across the local health and care economy? • What percentage of elective and non-elective cases are admitted on the day of surgery for each specialty? • Has the trust engaged with the GIRFT programme? What improvements have been made as a result?
People: How effectively is the trust using its workforce to maximise patient benefit and provide high quality care?	• How is the trust tackling excessive pay bill growth, where relevant? • Is the trust operating within the agency ceiling? • How well is the trust reducing its reliance on temporary staff, in particular agency nurses and medical locums? • Are there significant gaps in current staff rotas? What has the trust been doing to address these? • Is the trust making effective use of e-rostering or similar job management software systems for doctors, nurses, midwives, AHPs, healthcare assistants and other clinicians? How many weeks in advance are the trust's rosters signed off? • Is there an appropriate skill mix for the work being carried out (clinical and otherwise)? • Are new and innovative workforce models and/or new roles being investigated? Is the trust making effective use of AHPs to improve flow? • Is the trust an outlier in terms of sickness absence and/or staff turnover? • What proportion of consultants has a current job plan? How is job plan data captured?
Clinical support services: How effectively is the trust using its clinical support services to deliver high quality, sustainable services for patients?	• Is the trust collaborating with other service providers to deliver non-urgent pathology and imaging services? • Is the trust an outlier in terms of medicines spend? • Is the trust using technology in innovative ways to improve operational productivity? For example, patients receive telephone or virtual follow-up appointments after elective treatment.
Corporate services, procurement, estates and facilities: How effectively is the trust managing its corporate services, procurement, estates and facilities to maximise productivity to the benefit of patients?	• What is the trust doing to consolidate its corporate service functions? Which functions are being consolidated and how? • Is the trust an outlier in terms of procurement costs? • Is the trust looking for and implementing appropriate efficiencies in its procurement processes? • What is the value of the trust's backlog maintenance (as cost per square metre) and how effectively is it managed? • How efficiently is the trust using its estate and is it maximising the opportunity to release value from NHS estate that is no longer required to deliver health and care services?

Finance: How effectively is the trust managing its financial resources to deliver high quality, sustainable services for patients?	• Did the trust deliver, and is it on target to deliver, its control total and annual financial plan for the previous and current financial years respectively? • What is the trust's underlying financial position? • How far does the trust rely on non-recurrent cost improvement programmes (CIPs) to achieve financial targets? • What is the trust's track record of delivering CIP schemes? • Is the trust able to adequately service its debt obligations? • Is the trust maintaining positive cash reserves? • Is the trust taking all appropriate opportunities to maximise its income? • How does the trust use costing data across its service lines? • To what extent does the trust rely on management consultants or other external support services?