

NHS IMPROVEMENT SINGLE OVERSIGHT FRAMEWORK

Today NHS Improvement (NHSI) published its Single Oversight Framework (SOF). The publication of this document comes after a five week consultation period. NHS Providers submitted a response to the NHSI consultation, informed by feedback from two engagement events attended by over 80 senior representatives from providers and by written feedback from 20 members from a range of provider types. Our response can be found on our [website](#).

This briefing outlines the final framework, highlighting any major changes since the publication of the consultation document. Members will of course also wish to read the SOF in [full](#).

SIGNIFICANT CHANGES SINCE THE CONSULTATION DOCUMENT

NHSI have made a number of changes to the SOF since the publication of their consultation document in June 2016. The significant changes are outlined below.

Recognition of autonomy and alignment with other initiatives

In response to feedback from ourselves and providers directly, NHSI has renamed the four segments in the framework to reflect the type of support providers will access and made changes to the frequency of reporting required and segmentation of providers in segment 1 to reflect their increased level of autonomy. The SOF also clearly states that if a provider is in segment 2 (regardless of whether it is a foundation trust in breach of its licence or not) support will be signposted, offered and made available but will not be mandated. This reflects feedback on the need for the SOF to better reflect the principle of earned autonomy.

In response to concerns around alignment with CQC, NHSI has more clearly aligned the SOF and measures of quality with the CQC's key questions. NHSI has also made efforts to align the SOF with other regulatory and improvement initiatives such as the financial reset document, the introduction of financial special measures and quality special measures regime. For example: only providers in special measures (either for finance or quality) will be in segment 4. Despite these improvements, we recognise that there is much greater scope for alignment, and integration of approaches between NHSI and both the CQC and NHS England, and will continue to raise this with NHSI.

Finance and use of resources metrics

NHSI have made the following changes to the finance and use of resources metrics:

- NHSI will be introducing agency spend into the finance and use of resources score immediately (i.e. from quarter 3 2016/17), without any shadow period as previously suggested
- Where providers have not agreed a control total, this will have an implication for their finance and use of resources score, particularly if they are planning a deficit
- Following the approach set out in the recent [Strengthening financial performance and accountability](#) document and the introduction of financial special measures, NHSI will be expanding their 'value for money' approach by considering:

- Paybill growth
- Consolidation of back office and pathology services, where necessary
- Addressing unsustainable services where necessary through consolidation, change of transfer to a neighbouring provider
- The EBITDA metric has been removed and NHSI will instead revert back to using a provider's income and expenditure margin as a measure of financial efficiency
- The 'change in cost per weighted activity unit' metric has also been removed for the time being but will be introduced in shadow form during 2016/17 and formally in 2017/18
- Likewise, capital controls have been removed while NHSI undertake more work in this area but will be phased into the SOF – first in shadow form and then formally in 2017/18

Quality metrics

NHSI is removing the following metrics from those proposed within the consultation:

- Never Events rate of incidence
- Serious Incidents rate
- National reporting and learning system (NRLS) medication errors: % of harmful events
- NRLS proportion of reported patient safety incidents that are harmful
- NRLS percentage of harm-free care
- NRLS percentage of new harms.

Feedback on proposed changes

NHSI are inviting feedback on the proposed changes to financial and use of resources metrics and the removal of the above quality metrics. They are inviting views by **5pm on 23 September 2016**. NHS Providers will be submitting a response to these changes, therefore please do share any feedback you have on these proposed amendments with amber.davenport@nhsproviders.org.

IMPLEMENTATION PLANS

NHSI plan to introduce the framework from 1 October 2016, at which point the Monitor Risk Assessment Framework and the TDA Accountability Framework will no longer formally apply and NHSI will be collecting information from the provider sector using the SOF. The sector's segmentation is then likely to be publicly available from November 2016.

A shadow segmentation process has already begun and providers will be discussing their shadow segment with NHSI's regional teams over the coming weeks.

OVERVIEW OF THE FRAMEWORK

The SOF aims to provide an integrated approach for NHSI to oversee both NHS foundation trusts and trusts, and identify the support they need to deliver high quality, sustainable healthcare services. It aims to help providers attain and maintain CQC ratings of 'good' or 'outstanding'.

The SOF does not change the statutory responsibilities of Monitor and the NHS Trust Development Authority under the auspices of NHS Improvement.

Five oversight themes

In carrying out its role NHSI will oversee and assess providers' performance against five themes:

Theme		Overview of oversight measures
1	Quality of Care	NHSI will use CQC's most recent assessments of whether a provider's care is safe, effective, caring and responsive In-year information where available Delivery of the four priority standards for 7-day hospital services
2	Finance and use of resources	Focus on a provider's financial efficiency and progress in meeting its control total Use of resources approach is being co-developed with CQC
3	Operational performance	NHS constitutional standards Other national standards
4	Strategic change	How well providers are delivering the strategic changes set out in the Five Year Forward View with a particular focus on STPs, new care models and devolution (where relevant)
5	Leadership and improvement capability (well-led)	Building on their well-led framework CQC and NHSI will develop a shared system view of what good governance and leadership looks like, including ability to learn and improve

Segmentation

Depending on the extent of support needs identified through its oversight process and performance against the above measures, NHSI will segment providers into four. Segmentation will be based on:

- All available information on providers – both obtained directly and from third parties
- Identifying providers with a potential support need in one or more of the above themes
- Using NHSI's judgement, based on relationship knowledge and/or findings of formal or informal investigations, or analysis, consideration of the scale of the issues faced by a provider and whether it is in breach or suspected breach of licence conditions (or equivalent for NHS trusts).

Segment	Description	Levels of support	Segmentation frequency
1 – Maximum autonomy	No potential support needs identified across five themes – lowest level of oversight and expectation that providers in segment 1 will support	Universal support	Providers in segment 1 will only reviewed on a quarterly basis (unless there is evidence that a provider is in breach of its

	providers in other segments		licence, or equivalent for NHS trusts)
2 – targeted support	Potential support needed in one or more of the five themes, but not in breach of licence (or equivalent for NHS trusts) and/or formal action needed	Universal support Targeted support as agreed by provider: <ul style="list-style-type: none"> • To address issues • Help provider move to segment 1 	Ongoing – Where in-year, annual or ad-hoc monitoring flags a potential support need, NHSI will review the provider's situation and consider whether it needs to change its allocated segment.
3 – mandated support	The provider is in actual/suspected breach of the licence (or equivalent for NHS trusts) and/or requires formal action	Universal support Targeted support Mandated support as determined by NHSI: <ul style="list-style-type: none"> • To address specific issues and help provider move to segment 2 or 1 • Compliance required 	Ongoing – as above
4 – special measures	The provider is in actual/suspected breach of its licence (or equivalent for NHS trusts) with very serious/complex issues that may mean that they are in special measures	Universal support Targeted support Mandated support as determined by NHSI: <ul style="list-style-type: none"> • To help minimise the time the provider is in segment 4 • Compliance required 	Ongoing – as above

NHS PROVIDERS VIEW

The introduction of a Single Oversight Framework for NHS trusts and foundation trusts is a significant shift from the previous regulatory and accountability frameworks operated by Monitor and the TDA. We understand that this is a pragmatic response from NHSI to balance its combined functions, take account of the challenges facing all providers, and introduce a greater emphasis on improvement and support. However, in the operation of the framework it will be important for NHSI to remain cognisant of the different statutory bases of trusts and FTs, and ensure due separation between its own functions, notably regulatory intervention and support. It is important to note that while the SOF will be operational from 1 October, the shift in approach will be gradual and we expect to work with NHSI to monitor the value of the new framework and its impact on our members over time.

We were pleased to see that NHSI has taken on some feedback from ourselves and our members in the consultation period and in particular we welcome the better recognition of earned autonomy within the final document and the

efforts NHSI has made to align the SOF with other regulatory and improvement initiatives. For example NHSI has aligned the SOF with the special measures regimes and recently published [Strengthening financial performance and accountability](#) document. This signals an effort to ensure more coherence across the sector. We were also pleased to see the removal of capital controls and change in cost per weighted activity unit for 2016/17. We will work with NHSI over the coming months to consider how these metrics should be introduced in 2017/18.

However, we are concerned to see the immediate introduction of agency spend as a new financial metric, rather than its introduction in shadow form as previously proposed. We will be seeking some clarity from NHSI for the reasons for this change and will work with NHSI to minimise the impact it may have on providers. We were also disappointed to learn that providers will now be formally measured on whether they have agreed their financial control total. While we recognise that this aligns with the recently published financial reset document – there are good reasons why boards may have not signed up to a control total and we believe that they should not be penalised for making such a choice.

We would still welcome greater clarity on NHSI's approach to FT authorisation and how the SOF will interact with the oversight of STPs and look forward to arranging further engagement opportunities to help shape these two domains with members. As many providers noted in the consultation response, there is a danger that these last two domains which are more focussed on collaborative behaviours in local health economies, 'pull against' the operational and institutional focus of the first three domains.

In summary while the SOF brings a welcome new focus on support, it is difficult to separate its publication from the wider policy context in which providers are operating under increased financial pressure, and with the expectation of greater 'grip and control' from the centre. With this in mind, we will be working closely with NHSI and all of our members to monitor the impact of framework at the frontline and continue to argue the case for the autonomy, and local accountabilities of provider boards