**BOARD MEETING**

**28 September 2017**

Paper Title: NHS Improvement Single Oversight Framework Proposed Changes and Use of Resources Final Framework

Section: Public

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Agenda Item: **13**

Presented For: Discussion

Paper Category: Governance & Compliance

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| **Executive Summary:** |
| NHS Improvement is proposing updates to its Single Oversight Framework, including changes to some of the metrics and triggers used by NHS Improvement to identify support needs.  In addition, NHS Improvement has published its response to the joint consultation with the Care Quality Commission in relation to the use of resources (UoR) assessment along with the final framework that will be used for the UoR assessments.  The paper summarises the publications and assesses the implications for the Trust. |

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| **Recommendations:** |
| That the Board:   * Considers the proposed changes to the Single Oversight Framework; * Notes that mental health and community services will be included in the Use of Resources framework (to support overall CQC ratings) after April 2019. |

**Governance/Audit Trail:**

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| **Meetings where this item has previously been discussed** (*please mark with an X):* | | | | | | | |
| **Audit Committee** |  | **Quality & Safety Committee** |  | **Remuneration Committee** |  | **Finance, Business & Investment Committee** |  |
| **Executive Management Team** | **X** | **Directors** |  | **Chair of Committee Meetings** |  | **Mental Health Legislation Committee** |  |
| **Council of Governors** |  |

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| **This report supports the achievement of the following strategic aims of the Trust:**  (*please mark those that apply with an X):* | |
| Consolidation of Market Share : being great in our patch | X |

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| --- | --- |
| **This report supports the achievement of the following Regulatory Requirements:**  (*please mark those that apply with an X):* | |
| **NHSI Single Oversight Framework** | X |

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| **Equality Impact Assessment :** |
| Not applicable |

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| **Freedom of Information:** |
| This paper has been made available under the Freedom of Information Act. |

**NHS IMPROVEMENT SINGLE OVERSIGHT FRAMEWORK PROPOSED CHANGES AND USE OF RESOURCES FINAL FRAMEWORK**

## BACKGROUND AND CONTEXT

NHS Improvement (NHSI) published the first version of the Single Oversight Framework (SOF) in September 2016 and proposes to make some changes to the SOF to reflect learning from the framework’s first year of operation. The consultation did not proposing any changes to the underlying framework itself: the five themes, NHSI’s approach to monitoring and how support needs are identified and providers segmented will not change. There were also no proposed changes to how the finance score is calculated.

<https://improvement.nhs.uk/resources/updating-single-oversight-framework-share-your-views/>

NHSI and the Care Quality Commission (CQC) have published the final Use of Resources (UoR) framework, following feedback from its consultation. NHSI will introduce UoR assessments alongside CQC’s new inspection approach from autumn 2017. While the UoR framework will initially be applied to acute trusts only, specialist acute, ambulance, mental health and community services will be included after April 2019, once appropriate metrics have been developed. At this point it is therefore worthwhile noting the implications for acute providers as a likely signal of direction for mental health and community services.

<https://improvement.nhs.uk/uploads/documents/Consultation_response_-_use_of_resources_well_led.pdf>

1. **SUMMARY OF CHANGES**

**2.1 Proposed Changes to SOF**

The specific changes proposed under each SOF theme that are most relevant to the Trust are:

Quality theme

* Current trigger (CQC rating of ‘inadequate’ or ‘requires improvement’ against any of the safe, effective or responsive key questions) changed to overall CQC rating of ‘inadequate’ or ‘requires improvement’.

Finance theme

* There are no changes to the finance metrics or their measurement, however the existing SOF term ‘finance and use of resources score’ will be amended to ‘finance score’ to make a clear distinction with the new CQC use of resources ratings.
* The original SOF indicated that NHSI was looking to introduce two other metrics (capital controls and change in cost per weighted activity unit) in shadow form in 2016/17. These have not been implemented in shadow form and will not be included in the finance score in 2017/18.

Operational performance theme

* NHSI has added or revised several aspects of the operational performance metrics. The proposed changes and the Trust’s assessment of their impact are outlined in Appendix 1.

Strategic change theme

* NHSI will consider the assessment of system-wide leadership under the recently published Sustainability and Performance ratings, along with broader intelligence, when considering providers’ performance under this theme.

Leadership and improvement capability theme

* Amended to reflect the new, joint well-led framework published in June 2017.

**2.2 UoR NHSI and CQC Consultation Response and Final Framework**

The UoR framework will be initially applied to acute trusts. The table below sets out the metrics NHSI will use to inform the assessment of acute trusts.

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| **Use of Resource area** | **Initial metrics** |
| Clinical Services | * Pre-procedure non elective bed days * Pre-procedure elective bed days * Emergency readmissions (30 days) * Did not attend (DNA) rate |
| People | * Staff retention rate * Sickness absence rate * Pay cost per weighted activity unit (WAU) * Doctors costs per WAU * Nurses costs per WAU * AHP costs per WAU (community adjusted) |
| Clinical Support Services | * Top 10 medicines – percentage delivery of savings target * Overall cost per test |
| Corporate Services, procurement, estates and facilities | * Non pay costs per WAU * Finance costs per £100m turnover * Human Resources cost per £100m turnover * Procurement Process Efficiency and Price Performance Score * Estates cost per square metre |
| Finance | * Capital Service Capacity * Liquidity (days) * Income and expenditure margin * Distance from financial plan * Agency spend |

Development of metrics for specialist acute, ambulance, mental health and community services will build on the current programme of work NHSI is undertaking to understand the productivity of non-acute trusts.

In relation to the initial metrics for corporate services, the Finance, Business and Investment Committee is reviewing corporate benchmarking on behalf of the Board.

1. **IMPLICATIONS**

**3.1 Legal and Constitutional**

None

**3.2 Resource**

The Finance, Business and Investment Committee is overseeing work on corporate benchmarking and productivity. There are potential implications for this work if the UoR corporate services metrics are also applied to non-acute trusts after April 2019.

* 1. **Quality and Compliance**

The Trust’s internal assessment of the impact of the proposed changes to the SOF operational performance metrics outlined in Appendix 1.

1. **RISK ISSUES IDENTIFIED**

There are no current implications for the Board Assurance Framework or Corporate Risk Register.

The proposed new SOF indicator to reduce/eliminate inappropriate adult mental health out of area placements presents a small risk for the Trust. Whilst we have successfully eliminated adult acute out of area placements, psychiatric intensive care unit (PICU) placements also form part of the national out of area placement data collection. Currently seven of the Trust’s 10 PICU beds are commissioned by the three local CCGs. Out of area placements can occur where demand for PICU exceeds the bed capacity commissioned by Bradford, Airedale, Wharfedale and Craven CCGs. The CCGs’ mental health commissioning manager has initiated work to understand the demand for PICU services for the Bradford District and Craven.

1. **COMMUNICATION AND INVOLVEMENT**

Cascade via Board in Brief and Senior Managers’ Briefing as well as Business Unit Performance Meeting discussion.

1. **MONITORING AND REVIEW**

The Board Integrated Performance Report will be amended from October 2017 to reflect the updated SOF.

The Board will need to receive further updates as UoR metrics are developed for mental health and community services.

1. **TIMESCALES/MILESTONES**

NHSI will publish the updated SOF in October 2017, with changes introduced during quarter 3 (October to December 2017).

Mental health services and community services will be included in the UoR framework after April 2019.