Paper 6.2

Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

COUNCIL OF GOVERNORS
7th September 2016

TITLE	**Single Oversight Framework**
EXECUTIVE SUMMARY	The paper provides a briefing to the TEC on the proposed Single Oversight Framework from NHS Improvement (NHSI) and provides an outline of the proposed framework and makes an assessment of how ASPH would be rated if the framework had been in place at Q1 2016/17.
The Council is asked to:	Review and note the paper.
Submitted by:	George Roe, Associate Director – Strategy Valerie Bartlett, Deputy Chief Executive and Director of Strategy and Transformation
Date:	August 2016
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

Single Oversight Framework

1. Background

On 1 April 2016, NHS Improvement (NHSI) became the operational name that brought together Monitor, the NHS Trust Development Authority (TDA), Patient Safety, the Advancing Change Team and the Intensive Support Teams.

This briefing summarises the approach NHSI proposes to take, set out in its consultation of June 2016, in overseeing providers using a Single Oversight Framework for both NHS trusts and foundation trusts and shaping the support they provide. The paper also provides an indicative assessment of where the Trust might be if this framework was in place for Q1 2016/17.

The Single Oversight Framework will replace Monitor's risk assessment framework and the TDA's Accountability Framework.

NHSIs Single Oversight Framework is intended to:

- provide one framework to oversee providers, irrespective of their legal form;
- help them identify problems, and risks of problems, as they emerge;
- pinpoint the source of the problem, allowing them to tailor their support packages to the specific needs of providers and local health systems.

2. Purpose

The purpose of the new framework is to identify where providers may benefit from, or require, improvement support across a range of areas. These are detailed within the consultation as:

i. **Quality of care**: Using CQC's most recent assessments of whether a provider's care is Safe, Caring, Effective and Responsive, in combination with in-year information where available. Also included will be delivery of the four priority standards for 7 day hospital services;

ii. **Finance and use of resources:** NHSI will oversee and support providers in improving financial sustainability, efficiency and controls relating to high profile policy imperatives such as agency staffing, capital expenditure and the overall financial performance of the sector. The proposed Finance and Use of Resources metrics are below.

Metric	Rationale/considerations
Capital Service Capacity	Assess how much financial headroom providers have over interest or other capital charges (eg PFI payments).
Liquidity	Assess providers' short-term financial position, ie their ability to pay staff and suppliers in the immediate term.
Distance from control total or financial plan	As part of our role in providing sector-wide financial oversight, we are working with providers to agree control totals that will help the sector achieve financial balance. We will track providers' positions against these through the year.
EBITDA[11] margin	Assess providers' operating efficiency independent of capital structure or other factors.
Cost/Weighted Activity Unit - efficiency metrics (to be run in shadow form in 2016/17 – we will track but not incorporate in the financial rating)	We are introducing a proposed efficiency metric, cost per weighted activity unit (WAU), developed as part of the Carter Review. This estimates provider efficiency by measuring the average cost of an average episode of care, taking into account different types of treatments (HRGs) and modes of delivery (eg elective, outpatient). The metric relates to a provider's efficiency improvement and will exclude factors that affect costs but are outside its control. Because reference costs are reported annually, we will use different, more frequently reported, activity and cost datasets to calculate in-year costs per WAU[12]
Capital Controls (as above, to be run in shadow form in 2016/17)	NHS Improvement has a responsibility to ensure that capital expenditure remains within the system's means and we will track providers' positions against their set capital limits over the year.
Agency spend (as above, to be run in shadow form in 2016/17)	Monitor and TDA introduced controls on agency spend in 2015 in response to the sharp increases in agency costs seen since 2012. We will continue to track agency spending at providers. Where we have potential concerns, we will consider how best to support the provider in addressing them.

Figure 1 - Finance and Use of Resources metrics

iii. **Operational performance**: Support will be provided in improving and sustaining performance against NHS Constitution and other standards. These will include A&E waiting times, referral to treatment times, cancer treatment times, ambulance response times, and access to mental health services. Below are the proposed operational performance metrics. Note it is proposed that 31 day and 2 week cancer targets are no longer being monitored by NHSI.

Standard	Frequency	Standard[15]
Acute and specialist providers[16]		
A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge	Monthly	95%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	Monthly	92%
All cancers – maximum 62-day wait for first treatment from: - Urgent GP referral for suspected cancer - NHS cancer screening service referral	Monthly	 85% 90%
Maximum 6-week wait for diagnostic procedures	Monthly	99%

Figure 2 – Operational Performance metrics

iv. **Strategic change:** working with system partners NHSI will consider how well providers are delivering the strategic changes set out in the *Five Year Forward View*, with a particular focus on their contribution to Sustainability and Transformation Plans (STPs), new care models, and, where relevant, implementation of devolution. To begin with we will use our forthcoming STP assurance process and associated reviews of STPs as our principal approach to oversight of this theme across providers; and

v. **Leadership and improvement capability:** building on the joint CQC and NHSI well-led framework, NHSI will develop a shared system view with CQC on what good governance and leadership looks like, including organisations' ability to learn and improve. NHSI expect providers to demonstrate three main characteristics as part of this theme:

a) **Effective boards and governance:** NHSI will use a number of information sources to oversee provider leadership as used previously by Monitor and TDA, including:

- information from third parties
- staff/patient surveys
- organisational metrics
- information on agency spend
- CQC 'well-led' assessments

b) **Continuous improvement capability:** NHSI are working with CQC to consider how the current shared well-led framework needs to evolve to better reflect the theme of improvement; and

c) **Use of data:** Effective use of information is an important element of good governance. Well-led providers should collect, use and, where required, submit robust data. Where we have reason to believe this is not the case, we will consider the degree to which providers need support to do so in this area

3. Approach – when NHSI will provide support

NHSI propose to segment the provider sector according to the scale of issues faced by individual providers. This will be informed by data monitoring and, importantly, judgement based on an understanding of providers' circumstances.

The diagram below highlights the stages on support provided:

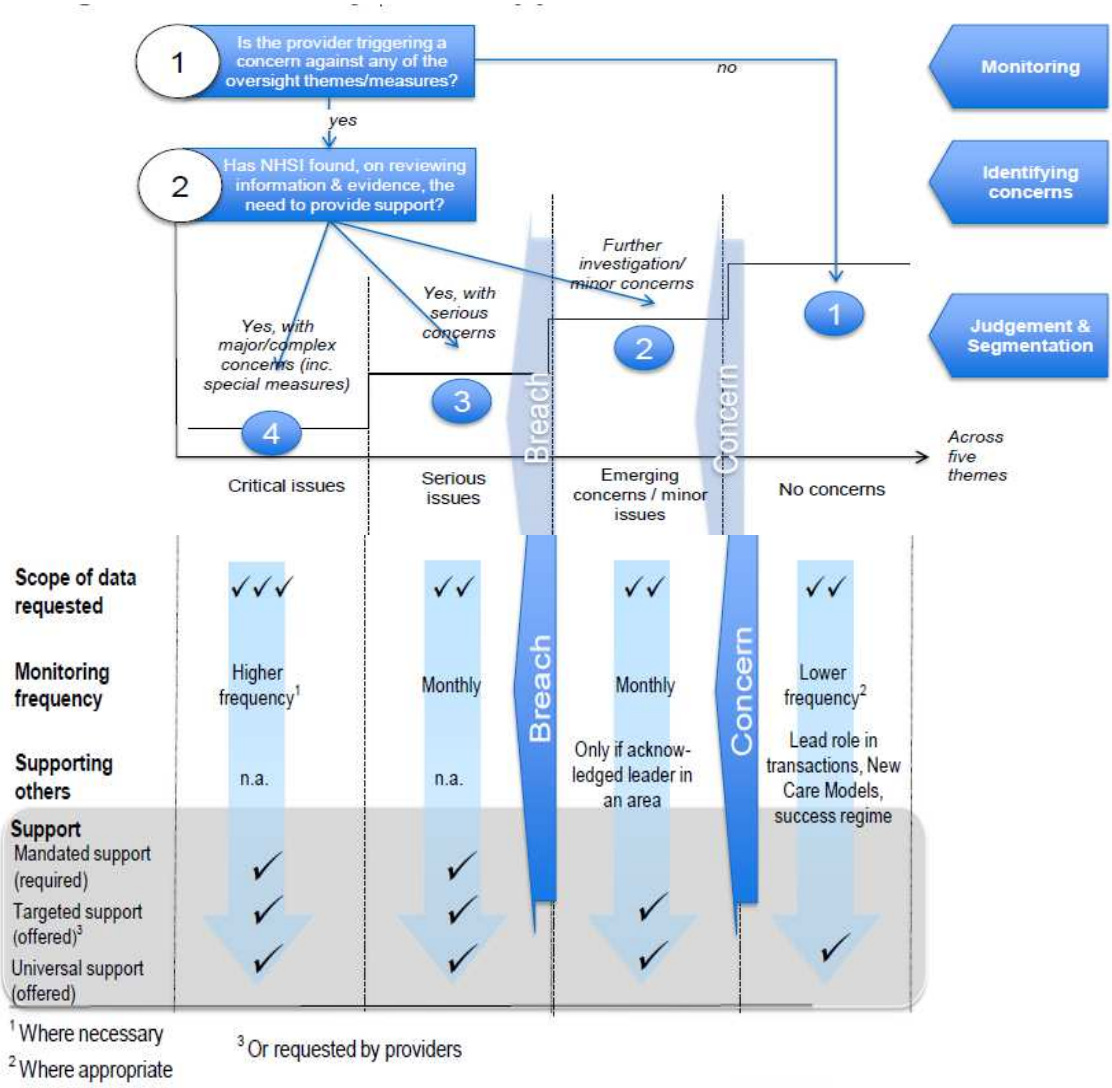

Figure 3 – NHSI segmentation

4. How NHSI will support providers

NHSI propose to support providers through a number of different means. These have been categorised into three categories:

a. **Universal support offer** – tools that providers can draw on if they wish to improve specific aspects of performance. Optional for providers to draw on;

b. **Targeted support offer** – support to help providers with specific areas – e.g. intensive support teams to help in emergency care or agency spend. Programmes of targeted support will be agreed with providers. This support is offered to providers – its use is voluntary; and

c. **Mandated support** – where a provider has complex issues, we may prepare a directed series of improvement actions to help it, e.g. appoint an improvement director, or agree a recovery trajectory and support providers to deliver this. In these serious and critical cases, providers are required to comply with NHS Improvement's actions/expectations.

5. Impact on ASPH

Based on the triggers of potential concern (*refer Appendix 1*) across the five domains below is an indicative assessment of the level of concern NHSI would have with ASPH at Q1 2016/17:

Domain	Trigger	ASPH assessment
Quality of Care	CQC 'inadequate' or 'requires improvement' assessment versus one or more of: - 'Safe' - 'Caring' - 'Effective' - 'Responsive	CQC report of March 2015 – 'Requires Improvement' for 'safe' category.
	CQC warning notices	None
	Any other material concerns identified through CQC's monitoring process.	None
	Concerns arising from trends in NHSI Quality Indicators (appendix 2).	Potential concern over: -Never Events (4 since April 2015) - Emergency 30-day readmissions – above Trust target but benchmark well. -A&E FFT is 3% below national average. -VTE risk assessment – below target for June but previous compliance. -Staff turnover rate – above target for all 3 months of 2016/17.
	Delivering against an agreed	Agreed trajectory not yet in place.

<table>
<tr><td></td><td>trajectory for the 4 priority standards for 7 day hospital services.</td><td>Self- assessment completed in March 2016.</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td rowspan="3">Finance</td><td>Poor levels of overall financial performance (average score of 3 or 4)</td><td rowspan="3">Appendix 3 highlights the Financial rating metrics which rate the Trust from 1 to 4 with 1 being the best.

Assessment against the 7 metrics (based on Q1 16/17 performance) is provided below. Note 3 of the 7 ratings (indicated with an *) will be shadow form in 16/17 and not monitored.

<table><tr><th>Metric</th><th>Score</th></tr><tr><td>Capital Service Capacity</td><td>1</td></tr><tr><td>Liquidity</td><td>2</td></tr><tr><td>EBITDA margin</td><td>1</td></tr><tr><td>Change in Cost per Weighted Activity Unit*</td><td>1-2</td></tr><tr><td>Capital Controls*</td><td>1</td></tr><tr><td>Distance from Control Total/Financial Plan</td><td>1</td></tr><tr><td>Agency spend*</td><td>1</td></tr></table></td></tr>
<tr><td>Very poor performance (score of 4) in any individual metric</td></tr>
<tr><td>Potential value for money concerns</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td rowspan="2">Operational Performance</td><td>For providers with STF trajectories in any metric: failure to meet the trajectory for this metric in more than two consecutive months</td><td>A&E agreed trajectory met for the three months of Q1.</td></tr>
<tr><td>For providers without STF trajectories:
Failure to meet any standard in more than two consecutive months</td><td>62 Day Cancer – Failed Q1 16/17, May and June Q1. This target would flag as a concern.

RTT Incomplete pathway met.

Diagnostics - met</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>Strategic Change</td><td>Material concerns with a provider's delivery against the transformation agenda, including New Care Models and devolution</td><td>None known.
ASPH is part of the Surrey Heartlands STP. Submission submitted at the end of June. Seen as a strong STP at this stage.</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td rowspan="2">Leadership and Improvement capability</td><td>Material concerns</td><td>None known</td></tr>
<tr><td>CQC 'inadequate' or 'requires improvement' assessment against</td><td>No – rated 'good' in March 2015 report.</td></tr>
</table>

	'Well-led'.	

ASPH likely rating

From the above assessment it is assumed that ASPH would likely be rated '2' under the current framework being proposed. This is due to concerns around the 62 day cancer target failure in Q1 and some quality indicator targets which would raise concern. As the Trust has met the agreed trajectory for A&E performance for the last three months this target breach would not flag concern, as far as scoring, at this point. A Trust rated '2' will be provided optional Universal and Targeted support but would not be required to received mandated support.

6. Recommendation

The Council of Governors are asked to review and note the paper.

Appendix 1
Summary of triggers of potential concern

Theme	Information used	Triggers
Quality of care	• CQC information • Other quality information to inform our view of a provider (see Appendix 2) • 7 day services	• CQC 'inadequate' or 'requires improvement' assessment versus one or more of: - 'Safe' - 'Caring' - 'Effective' - 'Responsive' • CQC warning notices • Any other material concerns identified through CQC's monitoring process, eg civil or criminal cases raised • Concerns arising from trends in our Quality Indicators (Appendix 2) • Delivering against an agreed trajectory for the 4 priority standards for 7 day hospital services
Finance	• **Sustainability** o Capital Service Cover o Liquidity • **Efficiency** o EBITDA[14] margin o Efficiency metrics • **Controls** o Delivery of control totals or against plan o Capital expenditure controls o Agency spend • **Value for money information**	Poor levels of overall financial performance (average score of 3 or 4) Very poor performance (score of 4) in any individual metric Potential value for money concerns
Operational performance	NHS Constitution standards Other national targets and standards	For providers with STF trajectories in any metric: failure to meet the trajectory for this metric in more than two consecutive months For providers without STF trajectories: Failure to meet any standard in more than two consecutive months
Strategic Change	Review of Sustainability and Transformation Plans (STPs) and other relevant matters	Material concerns with a provider's delivery against the transformation agenda, including New Care Models and devolution

[14] Earnings Before Interest, Tax, Depreciation and Amortisation

Theme	Information used	Triggers
Leadership and Improvement capability	Findings of governance or well-led review undertaken against the current well-led framework Third party information, eg Healthwatch, MPs, whistleblowers, Coroners' reports Organisational Health Indicators Operational efficiency metrics CQC well-led assessments	Material concerns CQC 'inadequate' or 'requires improvement' assessment against 'Well-led'.

Appendix 2
Proposed quality of care monitoring metrics

Measure	Type	Frequency	Source
Organisational Health Indicators – all providers			
Staff sickness(2)	Organisational Health	Monthly/Quarterly	HSCIC (publicly available)
Staff turnover(2)	Organisational Health	Monthly/Quarterly	HSCIC (publicly available)
Executive team turnover (3)	Organisational Health	Monthly	FT return/O&E
NHS Staff Survey	Organisational Health	Annual	CQC (publicly available)
Proportion of Temporary Staff (4)	Organisational Health	Quarterly	FT return
Aggressive Cost Reduction Plans (4)	Organisational Health	Quarterly	FT return
Written Complaints - rate	Caring	Quarterly	HSCIC (publicly available)
Staff Friends and Family Test Percentage Recommended - Care	Caring	Quarterly	NHSE (publicly available)
Never events	Safe	Monthly	NHSE (publicly available)
Never events - incidence rate	Safe	Monthly	NHSE (publicly available)
Serious Incidents rate	Safe	Monthly	StEIS
National Reporting and Learning System (NRLS) medication errors: Percentage of harmful events	Safe	Monthly (1)	NRLS (publicly available)
Proportion of reported patient safety incidents that are harmful	Safe	Monthly	NRLS (publicly available)
Potential under-reporting of patient safety incidents	Safe	Monthly	NRLS (publicly available)
Central Alerting System (CAS) alerts outstanding	Safe	Monthly	NRLS (publicly available)
Acute providers			
Mixed Sex Accommodation Breaches	Caring	Monthly	NHSE (publicly available)
Inpatient Scores from Friends and Family Test - % positive	Caring	Monthly	NHSE (publicly available)
A&E Scores from Friends and Family Test - % positive	Caring	Monthly	NHSE (publicly available)

	Emergency c-section rate	Safe	Monthly	HES
	CQC Inpatient / MH and Community Survey	Organisational Health	Annual	CQC (publicly available)
	Maternity Scores from Friends and Family Test - % positive	Caring	Monthly	NHSE (publicly available)
	Percentage of Harm Free Care	Safe	Monthly	NHSE (publicly available)
	Percentage of new Harms	Safe	Monthly	NHSE (publicly available)
	VTE Risk Assessment	Safe	Quarterly	NHSE (publicly available)
	Clostridium Difficile - variance from plan	Safe	Monthly	PHE (publicly available)
	Clostridium Difficile - infection rate	Safe	Monthly	PHE (publicly available)
	MRSA bacteraemias	Safe	Monthly	PHE (publicly available)
	Hospital Standardised Mortality Ratio (DFI)	Effective	Quarterly	DFI
	Hospital Standardised Mortality Ratio - Weekend (DFI)	Effective	Quarterly	DFI
	Summary Hospital Mortality Indicator	Effective	Quarterly	HSCIC (publicly available)
	Emergency re-admissions within 30 days following an elective or emergency spell at the Provider	Effective	Monthly	HES

Appendix 3
Financial rating metrics

Area	Metric	Definition	Score			
			1	2	3	4[1]
Financial sustainability	Capital service capacity	Degree to which the provider's generated income covers its financial obligations	>2.5x	1.75-2.5x	1.25-1.75x	< 1.25x
	Liquidity (days)	Days of operating costs held in cash or cash-equivalent forms, including wholly committed lines of credit available for drawdown	>0	(7)-0	(14)-(7)	<(14)
Financial efficiency	EBITDA margin	EBITDA/total revenue	≥5%	3-5%	0-3%	≤0%
	Change in Cost per Weighted Activity Unit[2]	Assessing provider efficiency by measuring its average cost increase for an average episode of care (smaller is better)	≤1.1%	1.1%-2.1%	2.1%-3.1%	>3.1%
Financial controls	Capital controls[2]	Distance above capital control total	<5%	0-5%	5-15%	≥15%
	Distance from Control Total or financial plan	**Providers with control totals:** Ytd actual surplus/deficit vs. Ytd trajectory **Providers without control totals :** Ytd actual I&E surplus in comparison to the Ytd plan I&E surplus[2]	≥0%	(1)-0%	(2)-(1)%	≤(2)%
	Agency spend[2]	Distance from provider's cap	≤0%	0%-25%	25-50%	>50%

Note: brackets indicate negative numbers

[1] Scoring a '4' on any metric will cap the overall rating to at most 3, triggering a concern.

[2] To be used on a shadow basis - ie monitored not evaluated - in 2016/17.