Monitor

Making the health sector work for patients

Consultation on requirements for content and assurance for quality reports 2015/16

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About Monitor

As the sector regulator for health services in England, our job is to make the health sector work better for patients. As well as making sure that independent NHS foundation trusts are well led so that they can deliver quality care on a sustainable basis, we make sure: essential services are maintained if a provider gets into serious difficulties; the NHS payment system promotes quality and efficiency; and patients do not lose out through restrictions on their rights to make choices, through poor purchasing on their behalf, or through inappropriate anti-competitive behaviour by providers or commissioners.

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Introduction

Patients want to know they are receiving the very best quality of care. This is at the core of what we do – our duty is to protect and promote the interests of patients. To achieve this, we require all NHS foundation trusts to produce reports on the quality of care (as part of their annual reports). Quality reports help trusts to improve public accountability for the quality of care they provide.

Foundation trusts must also publish quality accounts each year, as required by the Health Act 2009, and in the terms set out in the National Health Service (Quality Accounts) Regulations 2010 as amended[1] ('the quality accounts regulations').

The quality report incorporates all the requirements of the quality accounts regulations as well as Monitor's additional reporting requirements.

We also require trusts to obtain external assurance on their quality reports. Subjecting them to independent scrutiny improves the quality of data on which performance reporting depends.

These requirements are part of our requirements to foundation trusts concerning the information to be included in their annual reports.[2]

[1] SI 2010/279; as amended by the NHS (Quality Accounts) Amendments Regulations 2011 (SI 2011/269 and the NHS (Quality Accounts) Amendments Regulations 2012 (SI 2012/3081)
[2] See paragraph 26 of Schedule 7 to the National Health Service Act 2006.

Overview of requirements

We will publish two documents covering requirements for 2015/16:

- *Detailed requirements for quality reports 2015/16*
- *Detailed requirements for external assurance on quality reports 2015/16.*

This consultation document sets out our proposals for these two documents. We will publish them after this consultation has finished.

This consultation

This document contains:

- an update on quality accounts requirements for 2015/16; we do not set these so they are not part of this consultation
- an update on our additional content requirements for quality reports 2015/16; we have already published these so they are not part of this consultation
- our proposals for indicators to be subject to assurance in our *Detailed guidance for external assurance on quality reports 2015/16*
- our proposal to clarify guidance on how auditors should report a modified conclusion on their limited assurance work
- an invitation for you to comment on who should provide the external assurance on quality reports from 2016/17
- an update on future developments for quality accounts and quality reports.

The consultation period will last three weeks to allow us to finalise the documents promptly before the year end. Please respond by **5pm** on **Friday 19 February 2016**.

1 Quality accounts requirements 2015/16

NHS England will shortly publish its letter confirming the requirements for quality accounts for 2015/16. This will be available here.[3]

The statutory requirements for quality accounts have not changed but the letter adds:

> *In your report on your local improvement plans, we would be grateful if you would consider including the following information:*
>
> - *how you are implementing the Duty of Candour*
> - *(where applicable) your patient safety improvement plan as part of the Sign Up To Safety campaign*
> - *Your most recent NHS Staff Survey results for indicators KF19 (percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months) and KF27 (percentage believing that trust provides equal opportunities for career progression or promotion) for the Workforce Race Equality Standard.[4]*
> - *Your CQC ratings grid, alongside how you plan to address any areas that require improvement or are inadequate, and by when you expect it to improve. Where no rating exists yet, please set out your own view on the five key questions used by the Care Quality Commission in their inspections of services:*
>
>   1. *Are they safe?*
>   2. *Are they effective?*
>   3. *Are they caring?*
>   4. *Are they responsive to people's needs?*
>   5. *Are they well-led?*

The quality report incorporates the requirements of the quality account, so these considerations apply equally to the quality report but are not mandatory in either document.

[3] http://www.nhs.uk/aboutNHSChoices/professionals/healthandcareprofessionals/quality-accounts/Pages/about-quality-accounts.aspx
[4] https://www.england.nhs.uk/ourwork/gov/equality-hub/equality-standard/

2 Quality reports requirements 2015/16

The quality report comprises the quality account and Monitor's additional requirements. The *NHS foundation trust annual reporting manual 2015/16*[5] contains our additional requirements for 2015/16. These have not changed since 2014/15.

Consultation question 1:

Do you have any outstanding queries on presenting your quality report that we could address in our guidance on the content of quality reports?

3 Quality reports assurance requirements 2015/16

Our requirements for the previous year can be found in *Detailed guidance for external assurance on quality reports 2014/15*.[6]

3.1 Auditors' limited assurance report on the content of the quality report

We do not propose any changes to these requirements.

3.2 Auditors' limited assurance report on specified indicators

For 2015/16 auditors will provide a limited assurance report on whether two mandated indicators included in the quality report have been reasonably stated in all material respects. The foundation trust's auditors will undertake substantive sample testing of the mandated indicators included in the quality report as specified in the guidance and listed below.

Foundation trusts providing acute services

Last year the following indicators were mandated:

1) percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period*

And one indicator from the following two:

2) maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers

3) emergency readmissions within 28 days of discharge from hospital.

*If this indicator for referral to treatment is not relevant for your trust, indicators (2) and (3) in this list should be selected instead. If one of either (2) or (3) is not relevant, the NHS foundation trust may choose an alternative indicator to be subject to limited assurance. Guidance on doing this can be found below.

[5] https://www.gov.uk/government/publications/nhs-foundation-trusts-annual-reporting-manual-201516
[6] https://www.gov.uk/government/publications/nhs-foundation-trust-quality-reports-guidance-for-external-assurance-201415

The 18-week referral-to-treatment indicator for patients on incomplete pathways will be selected for assurance again. We selected it for the first time in 2014/15, and many trusts experienced qualifications for various reasons. While some will take time to remedy the issues identified, we believe there is value in following up this indicator to allow trusts to obtain assurance on any improvements, as well as updating our view of assurance across the sector.

We propose to mandate the indicator 'A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge' for external assurance for the first time. The importance of properly running the emergency department to provide effective patient services is increasing in focus; good quality data is important in managing this. We believe the indicator is well-established – having been in place for several years – and well-defined with supporting guidance and definitions.

For foundation trusts providing acute services, the specified indicators would be:

(i) referral to treatment within 18 weeks for patients on incomplete pathway

(ii) A&E four-hour wait

(iii) 62-day cancer treatment wait

(iv) 28-day readmissions.

Two indicators would be tested in this order of preference where relevant for the trust.

Consultation question 2:

Do you have any comments on our proposal to mandate the A&E four-hour wait indicator for external assurance? In particular, are there any issues with the indicator definition or its guidance that we may need to clarify to facilitate effective assurance work?

Foundation trusts focusing on specialist services

We propose that specialist foundation trusts should follow the same guidance as acute foundation trusts. If in following this order of preference there are not two indicators relevant to the trust, it should select an additional indicator(s) of its choice. Two indicators should be subject to the limited assurance report.

Foundation trusts providing mental health services

Last year the following indicators were mandated:

Two indicators from the following three:

1) 100% enhanced Care Programme Approach patients receiving follow-up contact within seven days of discharge from hospital
2) minimising delayed transfers of care
3) admissions to inpatient services had access to crisis resolution home treatment teams.

We recognise that these indicators have been mandated for several years but there are a limited number of alternative mental health indicators that are standardised, well-established and included in the quality report. We added new mental health indicators to the *Risk assessment framework* in 2015 but they are not applicable for reporting for the whole of 2015/16.

We therefore propose to keep the indicators for assurance for mental health trusts unchanged.

Ambulance foundation trusts

Last year the following indicators were mandated:

The following two indicators:

1) category A call – emergency response within 8 minutes
2) category A call – ambulance vehicle arrives within 19 minutes.

Alternative ambulance indicators that are standardised, well-established and included in the quality report are few. We therefore propose to keep the indicators for assurance for ambulance trusts unchanged.

Foundation trusts providing community services

Last year the following indicators were mandated:

Community NHS foundation trusts should select two indicators that are relevant for the trust. Two should be selected in the following order of preference (ie if (1) and (2) are both reportable then those are selected):

1) percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period
2) emergency readmissions within 28 days of discharge from hospital
3) maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers
4) other indicator(s) included within the quality report.

We propose to keep the indicators for assurance for community trusts unchanged.

Foundation trusts providing a mix of different types of services

Like last year, foundation trusts providing a mix of services should follow the guidance above for the category of services from which they receive most of their income.

Consultation question 3:

Do you have any comments on any of our other proposals for quality reports indicator assurance?

3.3 Additional reporting on local indicator

We do not propose any changes to these requirements.

4 Modification of auditor's limited assurance report

Auditors' work to provide assurance on quality reports is an 'engagement' carried out with reference to the International Standard on Assurance Engagements (ISAE) 3000. *ISAE 3000*[7] refers to different forms of the limited assurance report based on the results of the engagement.

External assurance work in 2014/15 showed the extent to which audit firms' reporting terminology varied. This may have reflected their trusts' underlying results. But to

[7] https://www.ifac.org/publications-resources/international-standard-assurance-engagements-isae-3000-revised-assurance-enga

maximise consistency between audit firms and aid foundation trusts' understanding, we propose to add more detail to the *Detailed guidance for external assurance on quality reports 2015/16.* The following is based on ISAE 3000 and shows the different forms that the limited assurance report can take:

- Unmodified – based on the procedures performed and evidence obtained, no matter(s) has come to the auditor's attention that causes them to believe that the quality report has not been prepared, in all material respects, in accordance with the applicable criteria.

- Unmodified with emphasis of matter – it may be necessary to draw readers' attention to a matter disclosed in the quality report that, in the auditor's judgement, is so important it is fundamental to readers' understanding of the quality report.

- Modified:

    - Disclaimer of conclusion – in the auditor's judgement, a scope limitation exists and the effect of the matter could be material and pervasive.

    - Adverse conclusion – in the auditor's judgement, the quality report (or element of it) is materially misstated and pervasive to the overall report.

    - Qualified – in the auditor's judgement, the effects of a scope limitation or misstatement are not so material or pervasive as to require a disclaimer of conclusion or adverse conclusion. A qualified conclusion is expressed as being 'except for' the effects, or possible effects, of the matter to which the qualification relates.

We expect a modified limited assurance opinion to take the form of one of these above, rather than the scope of the engagement being varied as a result of findings.

It is a matter for the auditor's judgement whether identified findings are pervasive to the overall report. For example, an auditor may identify issues in testing two indicators that lead to qualifications in respect of those conclusions but not consider them to be pervasive, so these issues would not lead to a disclaimer of conclusion overall. Alternatively the auditor may issue a disclaimer of conclusion if they consider the issues are considered pervasive.

If the auditor modifies the limited assurance opinion, they must briefly describe the reasons for the modification. The private report to governors will set out details, including corresponding recommendations.

Consultation question 4:

Do you have any comments on our proposal to set out the options for reporting the results of the limited assurance engagement based on ISAE 3000?

5 Future developments: external assurance

As part of our requirements for foundation trusts' annual reports, we require foundation trusts to include a quality report which contains a limited assurance opinion on aspects of the quality report. For 2015/16 the trust's external auditor should provide this assurance on the quality report as in previous years.

While we intend to continue to require foundation trusts to obtain assurance on their quality report, we are interested in your views on whether we should mandate that the trust's external auditor provides this assurance or whether foundation trusts should be free to appoint the supplier of this assurance separately.

We believe all parties benefit from the external auditor doing this work:

- The auditor can use the results of the quality reports assurance in helping inform their view of whether the trust has arrangements in place to secure economy, efficiency and effectiveness in its use of resources (part of the statutory audit), which may reduce cost across both elements of work.
- The auditor can use the results of the quality reports assurance in helping inform their view of whether the trust has adequately disclosed risks and weaknesses in its annual governance statement (part of the statutory audit), which may reduce cost across both elements of work.
- The auditor may have formed an understanding of the trust by reviewing board minutes and other documents as part of the work on the statutory audit, which will inform the quality report assurance work and particularly the quality report's consistency with other information. This may reduce cost across both elements of work.
- Logistical benefits may arise from the audit committee and council of governors obtaining external assurance in an integrated way from one supplier.
- The quality reports assurance work would still be subject to market testing: foundation trusts are experienced in procuring and market-testing their external auditor, and audit suppliers are asked to tender for the work on quality reports assurance as part of this.

Alternatively, there may be advantages to the foundation trust using a different supplier:

- While the relative emphasis on price/quality in tender submissions is a matter for the trust, it may identify a variation in the quality of bids for the statutory audit and quality report assurance elements.

- Separate appointments may allow one or more accounting firms to develop greater expertise in quality report assurance, which may lead to lower costs for this work for foundation trusts.

We believe the first set of potential advantages outweighs the second, so we propose to continue to make it mandatory for foundation trusts to require their external auditor to provide the limited assurance on aspects of the quality report from 2016/17 onwards.

Consultation question 5:

We intend that it will continue to be mandatory for foundation trusts to obtain external assurance on their quality report. We propose for 2016/17 onwards that it will continue to be mandatory that the trust's external auditors perform this work. It would continue to form part of the services that foundation trusts tender for in the auditor appointment process.

Do you agree with our proposal, and/or do you have any comments on this?

6 Future developments: quality accounts and quality reports

The requirements for quality accounts are currently based largely in secondary legislation – the quality accounts regulations. As currently formulated, changes to those requirements require further regulations and in practice the content requirements for quality accounts (which form the basis of the quality report too) have changed little over the years.

The Department of Health (DH) is to review the requirements of quality accounts, and proposes to amend the legislation to refer to a separate document of requirements to be published every year. Work to review the detailed content requirements for quality accounts will take time; Monitor and the NHS Trust Development Authority will both be involved as we form NHS Improvement. We will review the distinction between quality accounts and quality reports as part of this. We and DH intend to consult on proposals when they are developed.

Consultation questions

1) Do you have any outstanding queries on presenting your quality report that we could address in our guidance on the content of quality reports?

2) Do you have any comments on our proposal to mandate the A&E four-hour wait indicator for external assurance? In particular are there any issues with

the indicator definition or its guidance that we may need to clarify to facilitate effective assurance work?

3) Do you have any comments on any of our other proposals for quality reports indicator assurance?

4) Do you have any comments on our proposal to set out the options for reporting the results of the limited assurance engagement based on ISAE 3000?

5) We intend that it will continue to be mandatory for foundation trusts to obtain external assurance on their quality report. We propose for 2016/17 onwards that it will continue to be mandatory that the trust's external auditors perform this work. It would continue to form part of the services that foundation trusts tender for in the auditor appointment process. Do you agree with our proposal, and/or do you have any comments on this?

Responding to the consultation

We are keen to hear your views on the details of the proposals.

Please complete the consultation response form on our website and return it to consultation@monitor.gov.uk by the deadline date below. We will consider the responses in finalising these documents for 2015/16. If you do not have web or email access, please write to us at:

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The consultation closes at **5pm** on **Friday 19 February 2016**.

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