

Risk Assessment Framework Consultation
Monitor
Wellington House
133 – 155 Waterloo Road
London
SE1 8UG

6 February 2014

by email

Dear Sir/Madam,

Risk Assessment Framework Consultation

On behalf of the Institute of Chartered Secretaries and Administrators (ICSA), I am pleased to provide our formal comments on the above consultation document regarding the risk assessment framework for independent providers of commissioner requested services.

ICSA is the professional body qualifying and supporting corporate governance, risk and compliance professionals in all sectors of the UK economy. Members are educated in a range of topics including finance, HR, company law, administration and governance, which enables them to add value to any organisation.

ICSA has an extensive pedigree in the governance arena, acting as advisers to government and regulators on company law and corporate governance; able to access a variety of applied experience in order to provide pragmatic insights into effective practices across a range of organisations. This expertise and experience has informed our response to the addendum to the risk assessment framework for independent providers of commissioner requested services.

ICSA appreciates the opportunity to comment on Monitor's thinking in developing this guidance. Having read and reflected on the consultation document, ICSA would like to register the following comments for further consideration.

General comments on the draft guidance

Publication of independent providers' risk ratings

While Monitor is testing its risk rating framework for independent providers of commissioner requested services, it is the opinion of ICSA that those ratings should not be published in the first year. Given the variety of possible providers, the risk assessment will require a certain amount of fine-tuning in order to encapsulate and deal with the differences within the sector. For those independent providers with stock listings and other financial reporting requirements, a

poor risk rating could set in place an adverse spiral of events. While this may be justified, it would be prudent to ensure that the risk assessment framework used by Monitor is as accurate and foolproof as possible. We therefore suggest that ratings are not published in the first year of their implementation for independent providers, although the information should be shared between the regulator and provider with the aim of improving understanding and ironing out any inconsistencies. The non-publication of such data in the first year should not affect the regulator's ability to take such steps as may be required to ensure the continuity of services, where necessary. Due consideration should also be given to any existing risk ratings that apply to the organisation, and these should feed into Monitor's assessment. However, it should be noted that charities are not generally subject to investment grade credit assessments and an appropriate approach should be implemented that recognises their particular circumstances.

While it is appreciated that Monitor is seeking assurance for a specific provision, and as such will require specific information that may not be covered by other assessments and ratings, it should take all appropriate steps to avoid unduly burdening providers with additional bureaucracy.

Non-financial metrics

Condition 3 of the standard licence refers to maintaining appropriate standards of governance and finance, but there is no reference within the proposals to the broader governance issues that may impact on the ability of a provider to continue to provide services. While financial metrics may be the biggest input to risk with regards to continuity of services, there are other non-financial aspects that can have an adverse impact, for example: strategic decision-making, quality of service provision, and performance monitoring.

If the purpose of the consultation and the final risk assessment framework is to reassure patients and the public as to the delivery of key NHS services by independent providers, the question ultimately to be answered is whether the proposals can deliver that assurance. While financial information can play an important role, for example in the collapse of Southern Cross, it only provides part of the answer. Commissioners, patients and the public will want to know that the quality of services provided are sufficiently high and do not pose any risk of detriment to users. As such, any risk assessment framework should, in our view, include at least as many, if not more, metrics from the quality perspective. This falls within the purview of the CQC. Monitor, therefore, should include within the final risk assessment framework further detail as to how the two regulators will work together and combine data to better inform independent provider risk ratings that assure patients and the public.

ICSA hopes that the above general comments are useful to Monitor in developing thinking on the risk assessment framework for independent providers of commissioner requested services.

Yours faithfully,

Louise Thomson
Head of Policy (NHS and Not for Profit)