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NHS Performance Assessment Framework for 2025/26

Background

On 27 March 2025, as part of its board meeting papers, NHS England (NHSE) published an updated NHS performance assessment framework for 2025/26.

NHSE's board approved the updated framework for consultation (to take place 2 to 23 May) and engagement during Q1 of 2025/26. The intention is to publish the final framework at the end of Q1, with the first formal segmentation of all trusts and integrated care boards (ICBs) being undertaken and published in July.

The publication of the framework follows engagement with trusts and ICBs, and a short consultation carried out in spring/summer 2024, to which NHS Providers submitted a formal response on behalf of our members. The framework is published within the context of the government's recent announcement on the abolition of NHS England and of a newly announced transition leadership team for the organisation.

This briefing provides a summary of the published framework, highlighting the major changes impacting trusts, and includes NHS Providers' view on these changes. For any questions about this briefing or feedback on the draft framework, please get in touch with Mariya Stamenova at mariya.stamenova@nhsproviders.org.

NHS performance assessment framework

The new performance assessment framework replaces the previous oversight framework, published in June 2022. It reflects feedback from trusts, system leaders and other stakeholders provided over the past few years, including in response to the consultation carried out in 2024.

The new draft also reflects:

- a new mandate for NHS England, with a focus on performance improvement and support for the three government shifts

- changes to the NHS operating model announced in November 2024, which emphasise the role of ICBs as strategic commissioners, and
- the Secretary of State's announcement of greater public accountability for performance.

The contextual changes and changes made in response to engagement with NHS leaders provide the rationale for a new consultation on this significantly revised version of the framework.

The new approach set out in the framework seeks to:

- streamline oversight and reduce duplication
- focus on sustainable performance improvement
- strengthen systems and infrastructure to enable local analysis and informed decision-making
- foster collaboration and trust by engaging with providers, ICBs and stakeholders, and
- embed sustainable local practices.

Roles and responsibilities

The new framework seeks to enhance accountability and to avoid ambiguity by clarifying the roles and responsibilities of providers, ICBs, and NHSE. Providers remain responsible for the provision of safe, high-quality services, and are expected to comply with the NHS provider licence and with their contractual obligations.

NHSE has a statutory responsibility and accountability for overseeing providers' delivery and performance, as well as a legal duty to conduct annual performance assessments of ICBs to determine how effectively they have discharged specific duties under the Health and Care Act 2022. It is responsible for deciding on the segmentation of providers and ICBs, and for determining how to support and drive improvement in organisations.

The framework states that under the Act 2022, ICBs have a statutory responsibility for arranging local services through effective strategic commissioning. They are also responsible for facilitating integration between system partners, and for delivering the four core purposes of integrated care systems (ICSs) – improving population health and healthcare; tackling inequalities in outcomes, experience and access; enhancing productivity and value for money; and supporting social and economic development.

Oversight and assessment

NHSE's assessment of providers and ICBs will measure their delivery against an agreed set of metrics, and will identify where improvement is required. This assessment will determine

segmentation. The actions then taken to secure improvement will be informed by the organisation's capability assessment. The approach to capability assessment is currently being finalised by NHSE but the intention is to use qualitative information including reports from other regulators such as the Care Quality Commission (CQC).

NHSE's expectation is that all organisations should be aiming to improve across all areas of national priority, as well as supporting their system in delivering integrated care that meets the needs of the local population. The metrics proposed in the new performance assessment framework include both short-term priorities (as per the operational planning guidance), as well as a set of high-level metrics at ICB and provider level, aligned with the four core purposes of ICSs. Guidance on the composition of the metrics is included in Annex A of the framework.

NHSE will be reviewing these metrics annually to ensure they align with any shifts in national priorities.

Approach to segmentation

Each trust and ICB will continue to be assigned a segment, indicating their level of delivery against the metrics. The segments will range from 1 (high performing) to 4 (low performing) and will inform the organisation's support or intervention needs. Organisations with the most intense support needs will enter the recovery support programme (RSP) and will be allocated a segment of 5. Annex B sets out the diagnostic process used for organisations in segment 4 to identify the root cause of failure, while Annex C sets out the approach used for the RSP.

In the case of ICBs, an additional system adjustment may be applied where performance against the system-level metrics listed in annex A is challenged.

While segmentation scores for providers will be based on the organisational delivery score only, and not adjusted for system considerations, the extent to which providers are effectively collaborating and supporting system working will form part of their capability assessment.

As part of the scoring methodology, an override will be introduced in relation to finances. The current proposal is that organisations in deficit will have their overall segment score limited to 3.

Once approved, the final segmentation decision will be published on NHSE's website. To support transparency, NHSE will be publishing a new interactive scorecard later this year, showing organisations' delivery scores and their final segmentation, along with benchmarking

data and provider and ICB capability ratings. Segmentation for all providers and ICBs will be reviewed at least quarterly, but may be updated at any time based on emerging information.

Leadership capability assessment

As part of the assessment process, NHSE will also assess the leadership capability of providers and ICBs. Insights gathered from these assessments will be used alongside segmentation scores to direct performance improvement activities for poor performers and organisations that lack the capability to improve without support or intervention.

ICB capability assessments will review six functional areas which measure whether they are delivering their contribution to the ICS purposes and assure NHSE that they are discharging their statutory duties and powers. Providers will be measured against the six domains of the insightful provider board, using a combination of self-assessment, third party information and measures of their track record.

Details of the approach to capability assessment and improvement response are expected to be included in further guidance due to be published shortly.

Incentives and consequences

The framework includes an explicit commitment from NHSE to support providers and ICBs to drive improvement and deliver high quality care for all. It is setting an ambition to see high performing systems across the country and to embed earned autonomy and incentives.

NHSE will work closely with highly performing organisations to shape and drive national policy and to test new models of care. It will also introduce greater incentives for performance in 2025/26, including some greater freedoms and flexibility for high-performing providers and ICBs, such as a partial release of revenue surpluses for capital expenditure, and capital incentives for improvements in elective performance.

Where NHSE has specific concerns about an organisation, it may demand remedial action, take steps to remove executive/non-executive board members, or it may use its enforcement powers against a provider in line with the NHS enforcement guidance, if there is a suspected or actual breach of its licence. NHSE may take action against an ICB if it is failing or at risk of failing to meet its duties.

NHS Providers' view

The success of a regulatory framework should be judged on whether it helps organisations to be more effective. The NHS needs a framework that reasonably and accurately assesses useful

indicators of quality and efficiency, an organisation's ability to plan, adapt, improve and manage risks sustainably, and enables remedial action to be taken where required. Above all, good NHS regulation should help sustain, and improve where necessary, the care delivered to patients.

The revised framework is a significant improvement on the previous draft. We welcome the improved clarity around roles and responsibilities, as well as the improved balance between short-term goals and medium- to long-term objectives for the NHS, as expressed in the new metrics.

We also recognise the effort of NHSE to work collaboratively with providers, ICBs, and with stakeholder organisations like NHS Providers in developing the principles of this updated framework. Given significant changes to the NHS landscape, including the recently announced abolition of NHSE, a change in government priorities and NHS operating model, we welcome the proposal to consult further on this significantly revised framework.

The shift in the role and responsibility of ICBs towards strategic commissioning and away from provider oversight is very welcome. We have continuously argued that ICBs' day-to-day oversight of providers added burden, duplication and confusion, and undermined their role as system leaders and partners. We also welcome the emphasis on NHSE's role in supporting trusts to improve. The revised framework aligns ICBs' and NHSE's roles with legislation. We note, though, that providers are asked to escalate concerns about performance, finance or quality 'through their ICB'. It is essential that providers also have direct access to their statutory regulator to escalate concerns, in circumstances where that is more appropriate.

We note the intention 'to embed earned autonomy and incentives [for high performing organisations and systems] into the operating framework'. Foundation trusts have some freedoms in law, which can only be curtailed through regulatory intervention under the provider licence. We welcome additional flexibility, freedoms and absence of intervention for those organisations performing well, and this devolves power in line with the principle of subsidiarity and empowers effective boards of directors to do their jobs. However existing statutory powers should be respected unless providers are subject to regulatory intervention. The concept of 'earned autonomy' can muddy these issues.

The updated framework is far clearer than the earlier draft. During the previous consultation, trust leaders argued that the framework appeared "over-engineered" and questioned its objective applicability in practice, especially in relation to moderation, calibration and the interdependence between provider and system assessments.

From the perspective of transparency and clarity we broadly welcome the proposed assessment of providers on the basis of delivery only. However, we are keen to understand

how organisations' capacity and capability for improvement and the sustainability of their improvement efforts will inform segmentation. We look forward to seeing the new guidance on this in due course. It makes sense that the assessment of trusts in segment 4 will focus on organisational capability and any contextual factors around poor performance, and we are pleased that it appears the regulator will not publish the capability ratings but will use them in its own decision-making about support needs. It is also very welcome that the segmentation of both ICBs and providers will use the same numerical terminology (1-4 with 5 for those in the RSP), both of which are changes we called for.

We are pleased to see that provider segmentation scores will no longer be adjusted for system considerations, so they will not depend on the performance of their system(s). We have previously articulated the risks and unintended consequences, especially for well-performing trusts within poorly performing systems. However, we appreciate that collaboration with system partners will be accounted for in provider capability assessments. It would be helpful to understand how 'the extent to which providers are effectively collaborating' can be measured, and in doing so, to recognise that collaboration is an important means of achieving certain outcomes: it is not an end in itself.

The arrangement of the oversight metrics around the core purposes of ICSs is welcome, ensuring that providers and ICBs do not lose sight of the longer-term aims and the more overarching objectives for the service at the expense of immediate operational and financial priorities. We are very pleased to see the inclusion of metrics around public health and patient outcomes, quality and inequalities. However, we are unsure about the choice to explicitly exclude the longer-term core purpose around improving economic and social value from the metrics.

It is interesting to note that the levers NHSE say ICBs should use to hold providers to account for their part in delivering system plans do not include contractual or commissioning levers. The focus on leveraging partnership agreements and shared plans is welcome, however not all collaboratives are commissioned by ICBs so cannot all be leveraged as suggested here: the language could be tightened.

While we understand the need to link assessments to delivery of priorities set out in the annual planning guidance, we are nonetheless concerned that revising metrics annually to align with the government's priorities may mean the metrics are not those that will genuinely enable the regulator to identify challenged organisations. There is a need for a balance to be struck as frequently changing priorities may introduce uncertainty around investment and areas of focus.

Given the Secretary of State's expressed commitment to greater transparency, accountability and earned autonomy, and the reflection of these intentions in the updated framework, we

are keen to understand how the interactive scorecard and benchmarking data to be published by NHSE relate to the government's proposed league tables. The publication of benchmarking data may effectively create league tables for those metrics. We are very keen to avoid the unintended consequences of such rankings, which risk creating perverse incentives, skewing priorities, and shifting the focus to short-term targets at the expense of strategic transformation and improvement. We are keen to support NHSE and the Department in developing their thinking around this.

In summary, we are optimistic about the changes introduced to the framework, and specifically the clarity around the role of ICBs and the dissociation of provider segmentation from system performance. We are also supportive of the increased emphasis on support for improvement.

As NHSE progresses with consultation, implementation and evaluation of the framework, we look forward to continuing our work with them and with members to help ensure that it delivers on its ambitious aims of clarity, simplicity and objectivity and, most importantly, supports the delivery of quality care for patients.

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