The NHS Performance Framework: Implementation guidance

April 2011 (first issued April 2009)

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Introduction

In April 2009, the Department of Health introduced the NHS Performance Framework to provide a dynamic assessment of the performance of NHS providers (that are not yet NHS Foundation Trusts) against minimum standards. This Performance Framework creates a clear definition of success, and generates an in-year assessment against the definition.

Strategic Health Authorities (SHAs) and Primary Care Trust (PCT) commissioners need to take swift and decisive action if organisations are not meeting these minimum standards. In this way, NHS trusts and commissioners will be supported to deliver high quality services for their local community.

Effective regulation remains a key aspect of the Department's drive to make quality the organising principle of the NHS and the Performance Framework complements the work of the regulators.

The Care Quality Commission (CQC) has a vital role in providing assurance that all health and adult social care services meet essential levels of quality and safety, and contributes to the wider drive for ongoing service improvement. Monitor, as the independent regulator of NHS Foundation Trusts (FTs), will continue to ensure that FTs comply with the terms of authorisation that set out their obligations on financial and service performance and governance.

1. The NHS Performance Regime

1.1 Background

NHS performance has improved considerably: organisations have made significant improvements in access to elective care, and there have been significant reductions in MRSA bacteraemias and *Clostrifidium difficile* infections. The results of the 2008/09 Annual Health Check confirmed that the NHS continues to deliver better quality services and use the resources it has more effectively. This focus must continue though the next year as we implement the vision set out in *Equity and excellence: Liberating the NHS*.[1] It will remain vital to tackle the residual pockets of underperformance across the country.

Historically, the overall approach to addressing underperformance and supporting recovery has not always been systematic, transparent or consistent. Local PCT commissioners have taken different approaches to contracting for service delivery and to determining when and how to intervene to address underperformance. Similarly, SHAs have sometimes taken different approaches to the performance management of organisations in their regions; to supporting the recovery of organisations in financial difficulty; and to addressing risks to the sustainability of services.

While local judgement and flexibility will continue to be an essential part of deciding how best to deal with underperforming organisations, we also need to be clear with patients and the public about what they can expect from their NHS services and how the system will hold organisations, and the people that run them, to account. For example: what will be considered

[1] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_117353

as underperformance and trigger intervention; what is a reasonable timescale within which an organisation will be expected to be able to demonstrate recovery; and what will happen if an organisation fails to recover?

The Department published *Developing the NHS Performance Regime* in June 2008[2] in response to these questions. This document set out the vision for: how the NHS identifies underperformance; how the system intervenes to support recovery; and how organisations are managed through a failure regime, where services are not clinically or financially sustainable. By clearly setting out the approach for dealing with underperformance, the Department intends to incentivise good performance and prevent organisational failure.

1.2 Principles of Performance Framework

As articulated in *Developing the NHS Performance Regime,* there are five overarching principles that governed the development of the NHS Performance Framework to ensure that it is:

Transparent	clear and pre-determined performance measures and interventions
Consistent	a uniform approach across England, at different levels of the system, and across different types of providers
Proactive	thresholds for intervention that identify underperformance at an early stage so that it can be swiftly addressed
Proportionate	intervention is related to risk and appropriate to the local circumstances
Focussed on recovery	initial interventions will focus on recovery and will include action to address the root causes of issues, including 'system-level' risk such as over-capacity

The NHS Performance Framework was also developed in accordance with the Department's principles for change:

- It has been **co-produced** with stakeholders from across the NHS, the NHS Confederation, Monitor, and the Care Quality Commission
- The consistency and transparency afforded by the Performance Framework will better enable all parts of **the system to work together** to tackle underperformance
- In line with the principle of **subsidiarity**, provider performance will be managed by PCT commissioners in the first instance, escalated to SHAs if performance improvements are not demonstrated, and finally to the Department in the case of the most serious and persistent underperformance
- Finally, the domains of organisational performance that will be measured as part of the framework span managerial and clinical priorities and have the **buy-in of clinicians and managers** alike

[2] Available at: http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_085215

2. Scope and implementation of the NHS Performance Framework

As the 2011/12 Operating Framework[3] reiterated, the Performance Framework applies to all NHS providers that are not yet FTs. The Framework will largely be underpinned by existing national indicators and mandatory data collections for 2011/12.

The Performance Framework has been applied to acute and ambulance NHS trusts since April 2009, and to NHS mental health trusts from April 2010.

FTs will not be assessed under this Framework, and will continue to be regulated by Monitor as set out in their Terms of Authorisation (see paragraph 4.2).

3. How the NHS Performance Framework operates and what it measures

The Performance Framework is a performance management tool for use within the NHS. It has been designed to strengthen existing performance management arrangements, with a view to supporting all organisations to provide the highest quality of care. It sets a clear definition of success and will generate a single assessment of in-year organisational performance against this definition. In this way, it will improve the transparency and consistency of the process of identifying and addressing underperformance across the country.

The NHS Performance Framework is not intended to:

- exhaustively measure all aspects of organisational performance
- replace or duplicate the role of the CQC
- reward good performance
- produce independent information for the purposes of public accountability
- produce information to support patient choice
- preclude local judgement and interpretation

3.1 How the Framework operates

The Framework sets clear thresholds for intervention in underperforming organisations and a rules-based process for escalation, including defined timescales for demonstrating improved performance. Organisational performance is assessed against a series of indicators using the most current data available, and the results trigger intervention by SHAs and PCT commissioners in the case of performance concerns.

The Department, in conjunction with the NHS and other stakeholders, has determined the aspects of performance to be measured, as well as when and how they will be measured. The Framework is administered by the Department and applied quarterly. The results are communicated in the Departmental publication *The Quarter*. SHAs are notified of their local results in advance of formal publication and expected to cascade this as necessary.
If the Framework identifies performance concerns relating to an organisation, it triggers intervention by SHAs and PCT commissioners as necessary. The Performance Framework

[3] Available at: http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_122738

does not prescribe how to respond to performance concerns but rather leaves room for local knowledge and judgement in recognition of the distinct regional and local factors that shape the challenges facing the NHS.

The following table articulates how the Performance Framework combines national transparency and consistency, with a degree of local flexibility:

Nationally the Framework determines…	
What is assessed	Measuring performance through national indicators
When performance concerns are identified	Identifying performance concerns through the appropriate use of thresholds and on a quarterly basis
Locally the framework allows discretion in…	
How organisations with performance concerns are supported	SHAs and PCT commissioners will be responsible for determining the nature of the remedial intervention aimed at supporting recovery

One of the main objectives in introducing a Performance Framework was to ensure that persistent poor performance is tackled in a timely fashion to prevent performance from further deteriorating. For this reason, the Framework sets out defined periods for recovery (see paragraph 3.7).

In line with the principles of subsidiarity and proportionality, the process of recovery will begin with PCT commissioners, escalate to SHAs and end with the Department. Escalation will only occur if the organisation does not demonstrate performance improvements in the defined periods for recovery (see paragraph 3.7).

3.2 Performance categories

Based on the indicators underpinning the Performance Framework, organisations will be categorised as:

- *Performing*
- *Performance under review*
- *Underperforming*

There are no positive designations of performance beyond *Performing* as the focus of this Framework is on unacceptable levels of performance.

3.3 Overall performance categorisation

Each organisation assessed by the Framework will be given two, equally weighted ratings using the performance categories outlined in section 3.2: one rating for performance on Finance, and one for performance on Quality of Services (which is comprised of Integrated Performance Measures, CQC Registration Status and User Experience). Continued

compliance with CQC's registration regime will form the basis of judgements about a Trust's performance on essential standards of quality and safety, meaning a warning notice will lead to a trust's score deteriorating.

An organisation will, therefore, receive two performance categories. The rating for performance on Quality of Services will be determined by the lowest score across the relevant domains.

In the case of acute and mental health trusts, User Experience data will only be used as a moderator of overall performance. This means that if an organisation's User Experience score renders it *Underperforming* it could not be categorised overall as better than *Performance under review* (see paragraph 3.5).

3.4 Over-riding rules

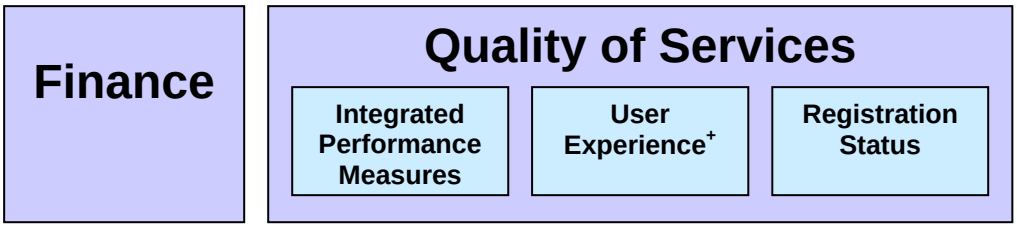
Exceptional circumstances may occasionally arise that are so serious that an organisation would automatically be designated as *Underperforming* or even *Challenged* in one, or both, of the overall performance categories. These would include, but are not limited to, the following:

- Major failings of clinical governance
- Major failings of service or financial performance

For the avoidance of doubt, major failings of financial performance would include misleading financial reporting.

3.5 Performance domains

Performance will be assessed across the following key domains of organisational function:



+ This domain applies only to acute and mental health trusts

Each domain is underpinned by a series of weighted indicators with associated performance thresholds, and a scoring system to determine performance on the domain (see accompanying Annexes for details of indicators).

1. Quality of Service

Lord Darzi's work set out a clear definition of quality covering safety, patient experience and effectiveness of care. Quality is therefore at the heart of the NHS Performance Framework: User Experience clearly measures the experience of patients, while CQC Registration Status, and Integrated Performance Measures relate to both patient safety and effectiveness of care. Continued compliance with CQC's registration regime forms the basis of judgements about a Trust's performance on essential standards of quality and safety.

Measuring for Quality Improvement launched the development of a menu of Assured Quality Indicators to enable local clinical teams to identify indicators that support their improvement work and allow benchmarking with other clinical teams.

Quality indicators from this Assured Menu will have a number of uses, including in commissioner contracts (particularly the Commissioning for Quality and Innovation (CQUIN) payment framework), publication of Quality Accounts, and information for the public through NHS Choices.

Quality of Service is comprised of three sections, which are combined to give an overall score for the domain. These are:

- Integrated performance Measures
- User Experience
- CQC Registration Status

Integrated performance Measures

The indicators in this domain are drawn from the Integrated Performance Measures as they apply to NHS providers. These are set out in the 2011/12 Operating Framework[4].

User Experience

The source of the indicators for the User Experience domain is the 2010 adult inpatient survey. This forms part of the NHS national patient survey programme[5], which is coordinated by the Care Quality Commission (CQC). This survey programme collects structured and systematic feedback on the quality of service delivery from the patient/service users' point of view. In this way, it provides robust measures of NHS performance - at organisation, regional and national levels.

Performance on User Experience will be assessed by monitoring scores to a subset of survey questions, which are categorised under 5 distinct "themes" that patients identify as important to them. Confirmation of the five broad headings that that make up this domain are set out below:

- Access and waiting
- Safe, high quality coordinated care
- Better information more choice
- Building closer relationships
- Clean, friendly comfortable place to be

This broad approach has been used over recent years by both DH and CQC[6] so there is a continuity in the question sets that are used, which means that organisations can track their results over time.

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[4] http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_122738

[5] Further details about the NHS national patient survey programme are available via the website of CQC and the national NHS patient survey coordination centre:
http://www.cqc.org.uk/aboutcqc/howwedoit/involvingpeoplewhouseservices/patientsurveys.cfm
http://www.nhssurveys.org/

[6] Further information is available via the DH website, including background information on the methodology and measures, updates on nationally aggregated results, and data toolkits containing results for local organisations to use to help them understand their performance and prioritise areas for improvement:
http://www.dh.gov.uk/en/Publicationsandstatistics/PublishedSurvey/NationalsurveyofNHSpatients/index.htm

National data on User Experience is currently collected on an annual basis. To balance the importance of the views of service users against this fact, the result of the User Experience domain is used as a moderator of overall organisational performance. This means that if a provider is *Underperforming* on User Experience, it cannot be categorised overall as better than *Performance under review*. This level of performance on User Experience would indicate shortcomings in the way the organisation related to its users, and could indicate real failings in performance more widely.

It is possible that a provider could be persistently categorised as poorly performing in the absence of new User Experience data. Under these circumstances, the SHA should continue to intervene to tackle the root cause until improvements have been demonstrated in locally conducted feedback surveys, possibly collected on a more frequent or ongoing basis. To enable comparison with results from the nationally coordinated survey, the Department would suggest that any local survey conducted follow the same approach as that used in the national patient survey.[7] If the results are sufficiently encouraging then no further intervention will be required and the results of the next quarter's Performance Framework would be updated to reflect the new position.

CQC Registration Status

From 1 April 2010, all acute, ambulance and mental health NHS trusts in England are required to be registered with the CQC to provide care. To be registered, trusts must show they meet essential standards of quality and safety, on an ongoing basis.[8]

From 1 April 2010, the issuing of a warning notice against a single registration regulation in a quarter leads to an organisation being labelled *Conditions(1)* in that domain, which will result in automatic categorisation as *Performance under review.* If there are outstanding conditions from the initial registration when any such notice is issued then providers will be categorised as *Performance under review.*

Should a trust be issued with a warning notice against more than one registration regulation, or subject to enforcement escalation beyond a warning notice e.g. a fine, in a quarter, then it will lead to the organisation being labelled *Conditions(2)* in that domain, and will cause them to be categorised as *Underperforming.*

The over-riding rules of the Framework would be used if the enforcement action taken by the CQC indicated a major failing of clinical governance (see paragraph 3.4).

The CQC's judgement alone will be used to determine the categorisation in this domain. The results of this domain will be based on the current publicly available information from CQC at the time of production of the Performance Framework results.

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[7] DH has worked in partnership with CQC and the NHS survey coordination centres to develop a localised survey support package to assist organisations who wish to conduct a local survey using the approach of the national patient survey programme. This includes an advice centre – which can be contacted by telephone or e-mail – as well as a range of tools, instruments and guidance documents for local use. Further details are available via the website of the acute patient survey coordination centre:
http://www.nhssurveys.org/localsurveys

[8] For further details see: http://www.cqc.org.uk/publications.cfm?fde_id=13510

2. Finance

A working group drawn from across the NHS developed the finance indicators, which cover the key financial requirements set out in the 2011/12 Operating Framework. The data is sourced and calculated from the Financial Information Management System (FIMS), which is submitted quarterly.

The indicators are divided into five sub-domains covering key areas of financial performance for NHS organisations:

- Initial planning
- Year to date financial performance
- Forecast outturn
- Underlying financial position
- Financial processes and balance sheet efficiency

The overall Finance score is the sum of the weighted indicator scores for each organisation. However, all organisations are subject to over-riding rules that dictate the maximum score they can achieve (see Annexes for further details).

3.6 Intervention

The Framework clearly sets out who is responsible for intervening when underperformance is identified:

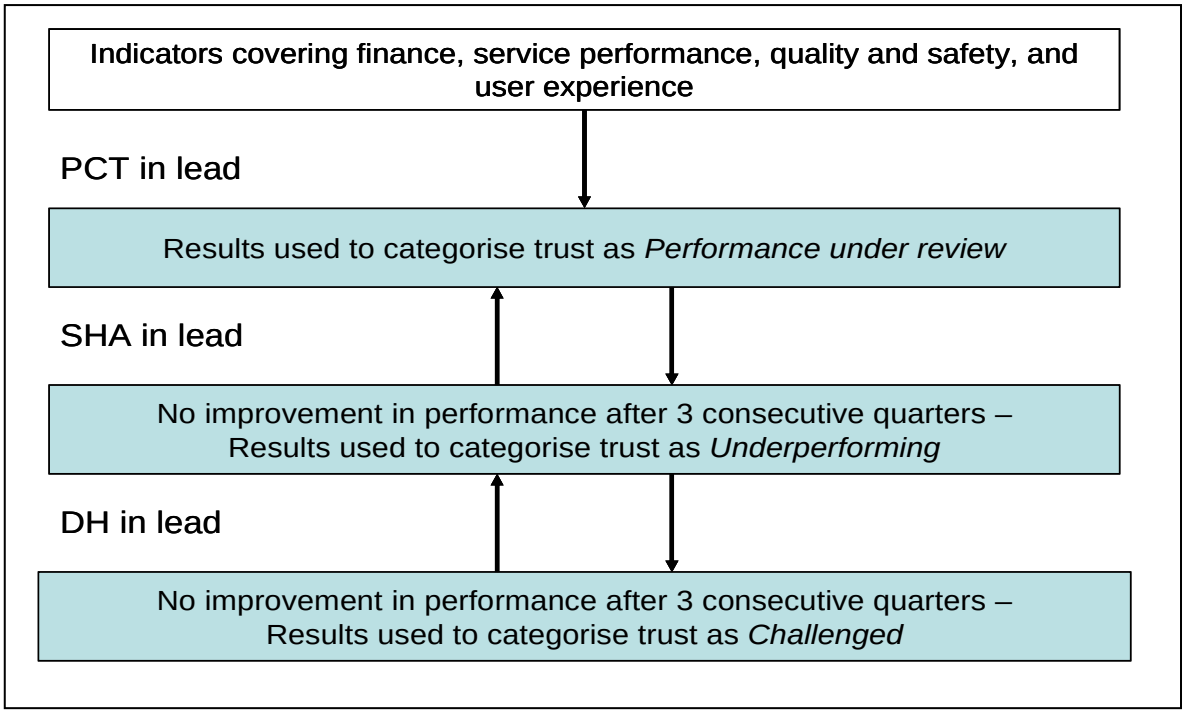
- If a provider is categorised as having its *Performance under review* in either of the two domains, the remedial intervention is led by the relevant PCT commissioner, with reference to the terms of the provider's contract. It is expected that the SHA will oversee this process
- If a provider is categorised as *Underperforming* the remedial intervention is led by the SHA
- If a provider is categorised as *Challenged* the remedial intervention is usually led by the SHA on behalf of the Department

The results of the Framework do not inhibit SHAs from discharging the other duties expected of them. For example, if an organisation is performing but the SHA has lost confidence in the board, it would still be able to take steps to address any deficiencies. Another example would be in the unlikely event that an SHA judges an organisation has been incorrectly categorised as either performance under review or performing, and where there is evidence to corroborate this, the Department would expect either no further action or intervention to continue, as necessary. This would require agreement with the Department. However, performance categories will not be amended, as intervention will only be deemed successful when the data reflects improvements.

As previously stated, the Framework does not prescribe the interventions to be taken. However, as a minimum, a remedial action plan with defined timescales for improvement should agreed by the SHA.

3.7 Escalation

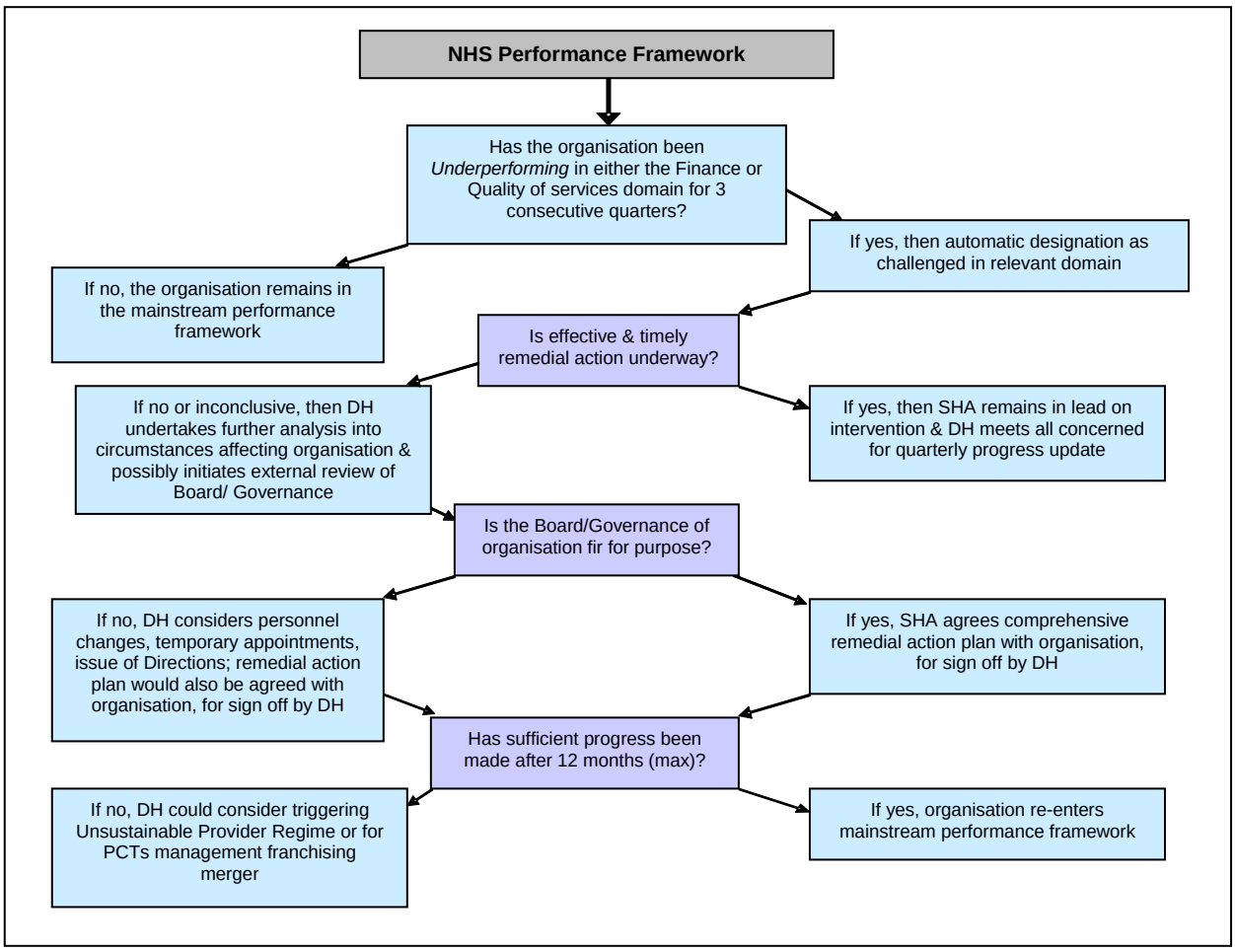
When an organisation is categorised as *Performance under review* it will be given a maximum of three consecutive quarters to recover at which point it will be escalated to *Underperforming*. Similarly, three consecutive quarters as *Underperforming* will result in escalation to *Challenged*.



The Performance Framework allows organisations to be given two, equally weighted ratings using the performance categories outlined in section 3.2: one rating for performance on Finance, and one for performance on Quality of Services (which is comprised of Integrated Performance Measures, CQC Registration Status and User Experience). As a result, organisations' performance can be escalated separately in the manner set out above for both Finance and Quality of Services. For example, it is possible for an organisation to be escalated to *Underperforming* on Finance but to be *Performing* on Quality of Services.

Challenged organisations will usually, but not always, be identified through the Performance Framework. It is possible that certain *Challenged* organisations will not be *Underperforming* under the terms of the Framework but the Department has reason to believe they are failing their local community.

This flowchart sets out the process for designating an organisation as *Challenged*:



If an organisation is designated as *Challenged* in Finance or Quality of Services, the Department will meet with the relevant SHA, and if necessary the organisation in question, quarterly until performance has definitively improved. If these meetings do not give the Department confidence that the appropriate intervention is occurring, then it will take more direct action, for instance initiating an external review of the Board that could result in personnel changes.

If appropriate, *Challenged* providers would be advised to make use of NHS Interim Management and Support (NHS IMAS) which has expertise in terms of supporting organisational recovery. NHS IMAS provides support to the NHS in delivering change and can be accessed directly or via SHAs. It has been involved in a broad spectrum of specialisms including: operational and performance management, financial management, clinical governance and commissioning.

The Performance Framework escalation process will not preclude SHAs and PCT commissioners from undertaking more frequent reviews of progress if required. Again, local intelligence will be key in informing the frequency of these escalation discussions.

3.8 Accountability for interventions

SHAs will hold PCT commissioners to account for the actions taken to address organisations with their *Performance under review*. In the same way, the Department will hold SHAs to account for the interventions made in *Underperforming* organisations through regular meetings with the Directors of Performance and Finance in NHS Finance, Performance and Operations.

In addition, the existing dialogue between SHAs and the Department will focus on the results of the Performance Framework. In this way, the Department will be assured that appropriate, timely and effective remedial action is underway.

3.9 Publication of results

The Department makes public the results of the Performance Framework in its publication *The Quarter.*[9] This states the two performance scores and a breakdown of the scores in each domain. The detailed results will be made available to SHAs in advance of publication so they can be communicated to commissioners and providers as needed. SHAs will also want to situate results in the broader local context and explain what remedial action is being undertaken in response.

4. Links with existing performance management and regulatory systems

The Performance Framework is intended to strengthen the systems many SHAs already have in place to manage the performance of NHS organisations, and to be aligned where possible with the approach of the regulators, to create a single definition of success. In this way, organisations should be clear about the processes they will be subject to and data collection should not be duplicated

4.1 Links with local performance management arrangements

The results of the Framework should validate local performance assessments and support appropriate and timely intervention, rather than replace current arrangements. However, SHAs and PCT commissioners will also want to continue to draw on local intelligence and data. This local information will not be used to modify the results of the national Framework but rather to inform judgements on appropriate intervention.

4.2 Links with regulators

In order to ensure minimal bureaucracy and greater consistency of performance assessments, the Performance Framework has drawn on the approaches of the health regulators.

Care Quality Commission

One of the principal roles of the CQC is to register health and social care providers. All registered providers need to demonstrate that they are meeting the essential levels of safety

[9] See for example: http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_113937

and quality required for registration and will need to continue to meet them to maintain their registration. If CQC has concerns about a provider's ability to meet registration requirements, or takes enforcement action against a provider, this will inform the results of the Performance Framework (see paragraph 3.5).

The NHS Performance Framework and the regulatory regime have been designed to be complementary as much as is feasible. This recognises CQC's independence but should also ensure greater consistency in the respective performance judgements of the Department and the regulator.

Monitor

FT performance is assessed against Monitor's Compliance Framework. This will continue to be the case since the Performance Framework does not apply to FTs.

The Department has developed the new Performance Framework in recognition of the fact that the challenges facing trusts that are not yet FTs differ from those that have already been through the rigorous assessment process.