



The NHS Performance Framework: Implementation guidance

April 2012 (first issued April 2009)

DH INFORMATION READER BOX

Policy	Clinical	Estates
HR / Workforce	Commissioner Development	IM & T
Management	Provider Development	Finance
Planning / Performance	Improvement and Efficiency	Social Care / Partnership Working

Document Purpose	Procedure - change
Gateway Reference	17494
Title	The NHS Performance Framework: Implementation Guidance
Author	DH; NHS Finance, Performance & Operations Directorate
Publication Date	30 March 2012
Target Audience	PCT Cluster CEs, NHS Trust CEs, SHA Cluster CEs, Care Trust CEs, PCT Cluster Chairs, NHS Trust Board Chairs
Circulation List	
Description	To support the application of the NHS Performance Framework. To inform Strategic Health Authorities (SHAs) as the regional system managers and when they should intervene to address poor performance. To inform NHS organisations of the criteria against which performance will be assessed.
Cross Ref	Developing the NHS Performance Regime,
Superseded Docs	Previous edition issued in April 2011
Action Required	N/A
Timing	N/A
Contact Details	Kieran Houser NHS Finance, Performance & Operations Directorate Richmond House Whitehall London SW1A 2NS 0207 210 5422
For Recipient's Use	

© Crown copyright 2012
First published April 2009
Published to DH website, in electronic PDF format only.
www.dh.gov.uk/publications

The NHS Performance Framework: Implementation guidance

April 2012 (first published April 2009)

Prepared by the NHS Finance, Performance & Operations Directorate

Contents

The NHS Performance Framework: Implementation guidance	1
April 2012 (first issued April 2009)	1
The NHS Performance Framework: Implementation guidance	4
April 2012 (first published April 2009)	4
Contents	5
Executive summary	6
Introduction	7
1. The NHS Performance Regime	7
Background	7
1.2 Principles of the Performance Framework	8
Scope and implementation of the NHS Performance Framework	10
How the NHS Performance Framework and TFA operate and what is measured	11
How the Framework operates	11
3.2 Performance categories	12
3.3 Overall performance categorisation	12
3.4 Over-riding rules	13
3.5 Performance domains	13
3.5.1 Quality of Service	13
3.5.2. Finance	15
3.6 Intervention & Escalation	16
3.7 Publication of results	16
Links with regulators	17
Care Quality Commission	17
Monitor	17

Executive summary

The NHS Performance Framework sets out the Department's approach to identifying underperforming NHS organisations and stipulates when intervention should occur in such organisations.

This implementation guidance is designed to support the application of the Framework. Specifically it:

- informs NHS organisations of the criteria against which their performance will be assessed – underpinned by the NHS Operating Framework and input from regulators, as well as the frequency of assessment and escalation measures.
- informs Strategic Health Authorities (SHAs) as the regional system managers and Primary Care Trusts (PCTs) as the local commissioners of NHS services of when they should intervene to address poor performance
- informs the NHS as to how performance management will be aligned and integrated with the Tripartite Formal Agreement (TFA) monitoring process for NHS trusts, both in terms of scoring and escalation.

The NHS Performance Framework is part of the NHS Performance Regime.

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.

For 2012/13 the NHS Performance Framework will be integrated with the Tripartite Formal Agreement (TFA) Red/Amber/Green (RAG) rating process. This is to give clarity on the performance position for each Trust and consistency to Strategic Health Authorities (SHAs), Primary Care Trust (PCTs) and NHS Trusts through one integrated system. This will help to progress the remainder of NHS Trusts to Foundation Trust (FT) status and will support the establishment of the NHS Trust Development Authority (NTDA).

To achieve this, from April 2012 the two approaches, for Acute and Ambulance Trusts, will come together in one coherent system but will be reported side by side in "The Quarter". From April 2012, a single escalation process will apply and from October 2012 this reporting will be combined. Work will progress during 2012/13 to develop a similar approach for Mental Health and Community Trusts.

1. The NHS Performance Regime

Background

NHS performance continues to improve in spite of the significant challenge of delivering on local quality, innovation, productivity and prevention (QIPP). This focus must continue through 2012/13 as we continue to 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 in the final year of transition to the new commissioning and management system for the NHS.

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 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 2008² in response to these questions. This document set out the vision for: how the NHS identifies underperformance; how the system intervenes to support recovery;. By clearly setting out the approach for dealing with underperformance, the Department intends to incentivise good performance and prevent organisational failure.

In 2011, the Department agreed Tripartite Formal Agreements with every NHS trust, detailing dates and key milestones for each organisation on its journey to achieving Foundation Trust status. Each trust is assessed every month on progress towards achieving the key milestones; this is reflected by RAG ratings agreed between the Department and the relevant SHA.

1.2 Principles of the 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

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

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

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

Scope and implementation of the NHS Performance Framework

As the 2012/13 Operating Framework³ 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 2012/13.

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).

³ Available at:

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_131360

How the NHS Performance Framework and TFA operate and what is measured

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 in this way, it improves 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

The TFAs are a major step towards establishing a real grip on the FT pipeline providing a clear framework and escalation process that are essential to ensure smooth progress.

The discussion and assessment of TFAs each month are based on four variables and a judgement is taken based on these;

1. Delivery of TFA milestones
2. Delivery of quality, operational and financial performance targets
3. Local intelligence on Local Health Economy and Trusts issues which may impact on delivery; and
4. DH overview of the whole FT pipeline and judgements about complexity of challenges.

How the Framework operates

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 in previous years has been applied quarterly. The results are communicated in the Departmental publication *The Quarter*. For 2012/13 the Framework will be applied monthly to ensure the best alignment with the TFA RAG rating process and the results will continue to be published in *The Quarter*.

In 2012/13 organisational performance will continue to be assessed against a series of indicators using the most current data available. The Framework results will inform the overall TFA RAG rating for each organisation and this rating will trigger intervention by the Department, SHAs and PCTs in the case of performance concerns.

SHAs will continue to be notified of their local Performance Framework results in advance of formal publication and expected to cascade this as necessary. Where the Framework identifies performance concerns relating to an organisation, it triggers intervention by SHAs and PCT commissioners as necessary. The Performance Framework 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. This process is mirrored for the TFA RAG ratings where the initial performance management role remains the responsibility of SHAs working with trusts and their local health economies.

From April 2012, the TFA RAG rating process will be informed by the NHS Performance Framework results. A set of simple rules will apply to influence the TFA RAG ratings. These rules are described in 'Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework'⁴. These rules give the TFA RAG ratings but judgements will still be applied in moving trusts into the escalation process.

For 2012/13, a single escalation process will be in place for organisations where serious concerns exist on their performance ie where their TFA RAG rating is red. The current escalation processes for the Performance Framework and the TFA RAG ratings will be combined.

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.

4

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

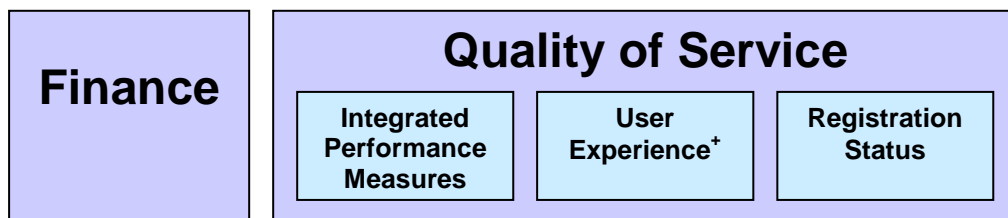
Exceptional circumstances may occasionally arise that are so serious that an organisation would automatically be designated as *Underperforming* in one, or both, of the overall performance categories. These would include, but are not limited to, the following:

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

For the avoidance of doubt, major failings of service or financial performance would include misleading reporting to DH.

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).

3.5.1 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.

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 2012/13 Operating Framework Technical Guidance⁵ and the specific indicators and their thresholds are set out in Annex A.

User Experience

The source of the indicators for the User Experience domain is the 2011 adult inpatient survey. This forms part of the NHS national patient survey programme⁶, 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. The five broad headings 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 CQC⁷ so there is continuity in the question sets that are used, which means that organisations can track their results over time.

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

⁵ http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_131880

⁶ 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/>

⁷ 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>

to intervene to tackle the root cause until improvements have been demonstrated in locally conducted feedback surveys, possibly collected on a more frequent or on-going 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.⁸ If the results are sufficiently encouraging then no further intervention will be required and the results of the next 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 were 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.⁹ From 1 April 2012, to reflect CQCs changed compliance framework, the assessment of non-compliance in an organisation as having a major impact by CQC 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 CQC take enforcement action with a trust then it 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.

3.5.2. 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

⁸ 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>

⁹ For further details see: http://www.cqc.org.uk/sites/default/files/media/documents/gac_-_dec_2011_update.pdf

- 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 & Escalation

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

- If a provider is categorised as *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

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.

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 be agreed by the SHA.

For 2012/13, a single escalation process will be in place for organisations where serious concerns exist on their performance and their overall TFA RAG rating is red. The current escalation processes for the Performance Framework and the TFA RAG ratings will be combined. The process for doing this and the resulting escalation process is described in 'Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework' at¹⁰.

3.7 Publication of results

The Department makes public the results of the Performance Framework in its publication *The Quarter*.¹¹ 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.

During 2012/13, the Framework results will continue to be published in *The Quarter*, alongside the overall TFA RAG ratings.

¹⁰

http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_133369.pdf

¹¹ See for example:

<http://www.dh.gov.uk/health/category/publications/bulletins/quarter/>

Links with regulators

In order to ensure minimal bureaucracy and greater consistency of performance assessments, the NHS 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 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 NHS Performance Framework (see paragraph 3.5.1).

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 NHS 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.