



# **Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework**

*April 2012*

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Prepared by the Provider Development Directorate

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# Executive summary

Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework' outlines how two previously independent processes have been integrated. The main purpose for doing this is to provide clarity during 2012/13 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).

# Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework

## Introduction

During 2012/13 the current TFA Monitoring and Red/Amber/Green (RAG) rating process will be integrated with the NHS Performance Framework. This is being done in order to give clarity about the performance position for each Trust and consistency to Strategic Health Authority (SHA) Clusters and NHS Trusts through one integrated system. This will help to progress the remainder of NHS Trusts to Foundation Trust (FT) status and also support the work for the single operating model (SOM) in 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. Local intelligence will be used to inform the RAG ratings for Mental Health Trusts and Community Trusts. Work will progress during 2012/13 to develop a similar approach for these trusts.

## Escalation Process

From April 2012 the single escalation process will apply as detailed below.

The overall performance management role of Trusts and their TFAs, remains the responsibility of PCT and SHA Clusters working with Trusts and their local health economies. The existing processes developed by SHA Clusters will continue to be used and the TFA position will be discussed on a monthly basis.

Any issues that can be resolved locally to enable the Trust to get back on track should only be reported to the DH for information. Those issues that cannot be resolved locally should be discussed with DH who hold SHA Clusters to account for their performance management role.

The escalation process is summarised below:

- one red RAG rating will result in established SHA Cluster performance management processes being used and reported through the monthly teleconference calls and via the usual performance management routes into DH

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- three consecutive red RAG ratings will result in the following:
  - i. there will be a meeting between the Trust, SHA and the appropriate combination of the National Director of Provider Delivery and/or the DH Director of Performance/ Finance depending on the “performance” issue. Following the meeting a letter will be sent detailing the discussion and action points required to address issues; and,
  - ii. if no improvement by the next month a judgement will be made in DH on whether escalation to second stage is appropriate. If it is, a further meeting will be held with the Strategic Health Authority Chief Executive and Director of Provider Development (DPD), Trust CE (and others by individual agreement e.g. Chairman, Executive Directors), the Senior Responsible Officer (SRO) for the FT Pipeline and NTDA and DH DPD and/or the Director of Performance/Finance depending on the “performance” issue. This meeting aims to agree a course of action which could include a change of application date linked to other changes within the TFA and organisation.
  
- a missed overall application submission date would automatically trigger a red rating and a move immediately to an SHA Cluster and DH discussion, unless a delay of less than three months is anticipated. In such cases the SHA Cluster and DH would agree that the three month escalation approach would apply although resolution would be agreed on a case-by-case basis.

### Integration with the NHS Performance Framework

From April 2012, the TFA RAG ratings will be informed by the NHS Performance Framework. This framework assesses the Trust’s position against quality and finance domains, the former including User Experience, CQC Registration and Integrated Performance Measures. The scores will be calculated monthly and used to inform the ratings, i.e. the most recent scores for each NHS Trust will become a formal part of the TFA ratings process. These scores will be either:



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- Performing;
- Performance under Review; or,
- Underperforming.

The NHS Performance Framework is described in The NHS Performance Framework Implementation Guidance April 2012<sup>1</sup>.

Overall ratings will be completed by applying the following rules:

- If a Trust is “underperforming” on either quality or finance, the TFA RAG rating must be red;
- If a Trust is rated “performance under review” on quality or finance, the TFA RAG rating must be no better than amber/red.

SHAs may use local knowledge to supplement this information if performance has materially changed since the last Performance Framework scores were issued. The rules described above give the TFA RAG ratings but judgements will still be applied in moving trusts into the escalation process.

### Implementation

The tools that could be used to address missed milestones will include the following and can be deployed at any stage of the escalation process:

- implementation of accountability agreements between Trust and SHA Clusters
- buddying from existing FTs;
- deploying additional clinical and / or managerial resource from IMAS or other agencies on specific projects;
- introduction of external support to the Trust from the SHA Cluster or other agency including independent sector to support resolution;
- input on specifics from the DH for example on emergency care; and
- potential Board leadership changes and if so - agreed new date.

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[http://www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/@dh/@en/documents/digitalasset/dh\\_133372.pdf](http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_133372.pdf)

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The introduction of the integrated performance management approach to TFAs and within that the single escalation process is an essential element of the FT pipeline. This needs to be consistent across the SHA Clusters to ensure equity. It will also help to maintain credibility of the TFAs and overall pipeline. Following implementation, the process may be further improved based on the experience from its use in the coming months and is expected to be a central element of the Single Operating Model.

Since July 2011, a series of monthly 1:1 discussions have taken place with each SHA, agreeing a RAG rating for each Trust in their region. This then combines to make a RAG rating for each SHA and an overall RAG rating for England. These discussions now need to be expanded to reflect the NHS Performance Framework results and more general performance management issues in a single conversation between the DH and SHA clusters.

The original discussion and assessment is based on four variables and a judgement is taken based on a combination of all four:

- delivery of TFA milestones;
- delivery of quality, operational and financial performance targets and trend analysis,
- local intelligence on Local Health Economy and Trust issues which may impact on delivery; and
- Departmental overview of the whole FT pipeline and judgements about complexity of challenges.

From April 2012 the Performance Framework scores will be incorporated into this overall judgement, providing a formal assessment of the delivery of quality, operational and financial performance targets and trend analysis.

The overall SHA Cluster and England RAG ratings are then based on an established DH RAG rating process, but with an opportunity to moderate if the complexity of the challenge is felt to significantly increase levels of risk.

The TFAs have introduced genuine local accountability of the FT pipeline for the first time in the FT policy process. It is critical to maintain a demonstrable grip on delivery of this and wider performance issues in order to succeed.