The NHS Performance Framework: Implementation guidance

April 2009

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Introduction

The Department of Health has introduced a new NHS Performance Framework to provide a dynamic assessment of the performance of NHS providers (that are not yet NHS Foundation Trusts) and commissioners against minimum standards. The Performance Framework creates a single definition of success against which NHS organisations will be judged.

Strategic Health Authorities (SHAs) and Primary Care Trust (PCT) commissioners will need to take swift and decisive action if organisations are not meeting these minimum standards. In this way, they will be supported to deliver high quality services for local 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 will contribute to the wider drive for ongoing service improvement. While 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 dramatically since 1997: shorter waiting times, improved access to primary and secondary care, reductions in deaths from cancer and circulatory disease and significant reductions of hospital associated infections have all been delivered in the last twelve years. The results of the 2007/08 Healthcare Commission Annual Health Check confirmed that the NHS is both delivering a better quality of service and using the resources it has more effectively. However, there remain pockets of underperformance across the country, which must be tackled.

Although the NHS has now established a good track record on organisational turnaround, as the 'financial turnaround' programme demonstrated, 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 2008[1] 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 Our approach

Developing the NHS Performance Regime set out a new approach to tackling underperformance, supporting recovery and managing failure. It has three components:

1. NHS Performance Framework

This will identify poor performance on an ongoing basis using a series of indicators from across the domains of Finance, Operational Standards and Targets, Quality and Safety and User Experience to trigger intervention as required. The NHS Performance Framework is the primary focus of this guidance.

2. Regime for Unsustainable NHS providers

The Performance Framework provides a transparent and rules based process for when and how an organisation could potentially be deemed unsustainable. For NHS trusts, unsustainable providers will usually be identified through the Performance Framework but this will not be the only means by which the Regime for Unsustainable NHS providers will be triggered[2].

In the case of persistent underperformance, or where a provider is found to be clinically and/or financially unsustainable, the new statutory regime for unsustainable NHS providers (introduced in the Health Bill 2009, which is currently going through Parliament) could be triggered. The objective of this Regime is to secure sustainable, high quality provision of services for the local community and to protect public assets (NHS land and buildings).

The proposals in the Bill are that after the regime is triggered, a Trust Special Administrator would be appointed by the Secretary of State, following advice from the NHS Chief Executive. The Trust Special Administrator would have responsibility for discharging the duties of the organisation and developing a statutory report advising the Secretary of State what should happen to existing services. This is a time-limited process; the Trust Special Administrator must produce the report within 45 working days. There would then be a 30 day consultation on the recommendations in the report involving patients; staff; the SHA; and relevant PCTs and Local Authorities.

The Regime for Unsustainable NHS Providers is due to come into effect in 2010, subject to the legislative process. Further guidance will follow at this point.

[1] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_085215
[2] Available at http://www.dh.gov.uk/en/Consultations/Responsestoconsultations/DH_093261

3. SHA Assurance Framework

This Framework will aim to create greater consistency and transparency in how the Department holds SHAs to account as the local headquarters of the NHS. It will focus on the following components:

- Statutory Obligations: Compliance in fulfilling statutory and legal duties
- Performance: Performance against national policy commitments and evidence of appropriate strategies to enable successful delivery
- Organisation and System Health: Assessing in as fact-based a way as possible the ability to deliver high standards of future performance, and identifying what can be done to improve that ability across the system

The Department is currently working in partnership with the NHS to design the SHA Assurance Framework, and is holding a number of stakeholder events to help drive development.

A pilot of the Framework will be tested in May, with full implementation to follow during Quarter 3 2009/10.

1.3 Principles of Performance Framework

As articulated in *Developing the NHS Performance Regime,* there are five overarching principles that have 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 will be related to risk, for example, problems at service level will be addressed through interventions at service level
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 has also been 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. Scope and implementation of the NHS Performance Framework

As the 2009/10 Operating Framework[3] reiterated, the Performance Framework will apply to all NHS providers that are not yet FTs and to NHS commissioners.

The Framework will fundamentally be the same for all types of providers but will use indicators relevant to the provider in question. It will be underpinned by existing national indicators and mandatory data collection for 2009/10.

The NHS Performance Framework will continue to develop in line with the Operating Framework and as more, and more frequent, data becomes available.

The NHS Performance Framework will be implemented in three phases:

- From April 2009 to acute and ambulance trusts
- By October 2009 to mental health trusts and PCT provided services
- From April 2010 to PCT Commissioners

2.1 NHS trusts

The Performance Framework will be applied to acute and ambulance NHS trusts from April 2009. The opening assessment of these trusts will be published in late May in the DH publication, *The Quarter.* The results of the first quarter of 2009/10 will be published in late August.

The Framework will apply to NHS mental health trusts no later than autumn 2009. Some new indicators will be required to get a more complete picture of service performance, and the Department will continue to work with the NHS to devise these. However, SHAs will still be responsible for intervening in underperforming trusts as the Framework evolves. Details of these indicators will follow in advance of implementation.

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).

2.2 PCT provided services

The NHS Performance Framework will play a key part in the Transforming Community Services (TCS) Programme. This Programme is a commitment in *High Quality Care for All*[4], aimed at improving services, developing people and improving systems to enable clinicians, commissioners and providers drive quality in community care.

One of the key steps to enable the transformation of community services is to ensure that community providers are treated like any other provider, and separation of the PCT commissioning and provision functions is essential to this. The Operating Framework 2009/10 stated that by April 2009 provider services should be in a contractual relationship with their

[3] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_091445

[4] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_085825

PCT, ensuring sufficient separation from commissioning roles to avoid potential conflicts of interest. *Enabling New Patterns of Provision*[5], published in January 2009, further stated that by October 2009 PCTs should have decided on the most appropriate form of future organisational structure for these services.

An increased focus on the performance of PCT provided services (PCTPS) is a key aspect of this transformation, especially as PCTPS develop the systems and governance they need to be able to robustly manage their services. However, in order to get a true picture of service performance, some new indicators are likely to be required.

PCTPS will start to be assessed under the Performance Framework from autumn 2009, to coincide with PCTPS' organisation development and the timetable set out in *Enabling New Patterns of Provision*. The development of indicators relating to the effectiveness of individual PCTPS will continue during 2009/10, as will plans to improve data on user experience. However, PCTPS will still be assessed on Finance, Quality and Safety and the existing Operational Standards and Targets that apply to them – SHAs will need to take appropriate action in the case of poor performance.

PCTs should have sufficiently separated provider and commissioner finances and have appropriate governance structures in place by October 2009, that fit with their future plans for transforming community services. SHAs are currently overseeing this process and it is expected that all PCTPS will be business ready by this time. Where this is not the case, PCTs will be seen as not fully performing under the terms of the NHS Performance Framework. Again, where this is the case, SHAs will need to intervene.

Further guidance setting out the detail of how the Performance Framework will apply to PCTPS will be issued in the autumn. In the meantime, the Department will continue to work closely with the NHS and other key stakeholders to develop and pilot the approach to applying the Framework to PCTPS.

The Performance Framework will not apply to Primary Care as the majority of Primary Medical Care services are provided by independent contractors (ie GP practices). Primary care providers are held to account for performance through contracts with local PCTs.

2.3 PCT commissioners

As part of World Class Commissioning (WCC), PCT commissioners are expected to effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvements in quality and outcomes (Competency 10).[6] The NHS Performance Framework will enable PCTs to better discharge these functions.

As well as supporting PCT commissioners in managing provider performance, commissioners will also be subject to the NHS Performance Framework. This will apply to commissioners from April 2010, once the WCC agenda has been fully embedded. In advance of full

[5] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_093197

[6] Available at http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Worldclasscommissioning/Competencies/index.htm

implementation, SHAs should apply the principles of the Performance Framework, by intervening appropriately to tackle underperformance.

We are beginning to develop the approach to applying the Performance Framework to PCT commissioners. This will draw on evidence from the WCC Assurance System and apply the principles underpinning the Performance Framework for providers to commissioners. The Framework will be further developed in co-production with SHAs and PCTs, with the aim of producing a draft Framework to pilot with PCTs by summer 2009.

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 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 will operate

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 will be assessed against a series of indicators using the most current data available, and the results will 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 will be administered by the Department and applied quarterly. The results will be communicated in the Departmental publication *The Quarter*. SHAs will be notified of their local results in advance of formal publication. In addition, the results of the Operational Standards and Targets domain will be communicated to SHAs on a monthly basis for information.

If the Framework identifies performance concern relating to an organisation it will trigger 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.

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

Nationally the framework has determined	
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 is 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 3.8).

In line with the principles of subsidiary 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 paragraphs 3.7 and 3.8).

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 unacceptable levels of performance. There are other means of recognising good performance, for example a positive assessment from the CQC.

3.3 Overall performance categorisation

An organisation's overall performance category will be determined by the lowest score across the domains of Finance, Operational Standards and Targets and Quality and Safety.

User Experience data will only be used as a moderator of overall performance until more frequent data is available. This means that if an organisation's User Experience score renders it *Underperforming* it could only be categorised overall as having its *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*. These would include, but are not limited to, the following:

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

3.5 Performance domains

Performance will be assessed across four key domains of organisational function:

Each domain is underpinned by a series of indicators, largely from existing sources, and a scoring system to determine performance thresholds (see Annexes for details of indicators relating to acute and ambulance trusts). Where there is currently no data, the Department will continue to work with key stakeholders to develop indicators to assess performance.

Quality of service

High Quality Care for All 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 Quality and Safety, and Operational Standards and Targets relate to both patient safety and effectiveness of care.

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. However, the focus on minimum standards means that these indicators are only part of the Performance Framework where they are already in Vital Signs.

Operational Standards and Targets

The indicators in this domain are drawn from existing Operational Standards, and Tiers 1 and 2 of Vital Signs as they apply to NHS providers. These are all in the 2009/10 Operating Framework.

The scoring is closely aligned with that used by the CQC in the Annual Health Check and the weightings and the thresholds for performance categories are also closely aligned to the CQC's methodology for the Annual Health Check (see Annexes for further details).

The Framework uses the measure that most closely fits with the target or operational standard e.g. for A&E the target is for each organisation to achieve 98% over the year. For most measures, this means using year to date performance. This approach is also taken by in the Annual Health Check.

Quality and Safety

In 2009/10 this will be assessed using the CQC's ongoing judgement as to providers' compliance with the Healthcare Associated Infections (HCAI) registration requirement[7], together with the results of providers' self-certification against all relevant core standards from Standards for Better Health (as used in the Annual Health Check)[8]. These cover the current essential levels of quality and safety.

The Performance Framework will use providers' self-certifications that will be submitted to the CQC in May and the scored results that will be available in October. The CQC is currently considering the basis on which it will assess core standards during 2009/10.

The CQC will monitor providers' compliance against the HCAI registration requirement on an ongoing basis and update the public register if there are any changes to a provider's registration status.

If the CQC considers that a provider is not fully compliant with the HCAI registration requirement, and has attached performance related conditions to its registration, then it will be considered as having its *Performance under review* until such time as the conditions are removed.

If a provider is only partly meeting or not meeting the relevant Standards for Better Health, it will be categorised as having its *Performance under review* or *Underperforming* respectively.

The overall score for the Quality and Safety domain in 2009/10 will be the lowest score across compliance with Standards for Better Health and registration status.

If the Commission suspends the registration of a provider or has taken statutory enforcement action against a provider, then this is likely to trigger the over-riding rules of the Framework (see paragraph 3.4).

From 2010/11 onwards, we expect that performance on Quality and Safety will be measured using the Commission's ongoing judgement as to each provider's registration status. This will cover all services undertaken by providers on the CQC's list of registered services.

[7] Available at http://www.cqc.org.uk/guidanceforprofessionals/registration/healthcare/nhshealthcareregistration/nhstrustsregisteredwithus.cfm

[8] Available at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4086665

User Experience

The indicators underpinning this domain are derived from the five indicators used in PSA 19 *Better Care for all*[9] and Vital Signs B15 'the self reported experience of patients/users', and three domains used in Vital Signs B16 'public confidence in local NHS'.

The scoring system is the same as the CQC's methodology for their 'experience of patients' indicators which was used in the Annual Health Check 2007/08. This means that organisations which fall more than one standard deviation below average performance are deemed to be below average and therefore failing on this aspect of quality of service. Overall performance is then determined by simply counting the number of passes (see Annexes for more details).

National data on User Experience is currently only collected annually. To balance the importance of the views of service users against this fact, the results of the User Experience domain will be 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 having its *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 had been demonstrated in a local survey or, in future, by use of more frequent data. The Department would suggest that any local survey uses the CQC's methodology to enable comparison. If the results are sufficiently encouraging then no further intervention would be required. Performance would then be formally re-assessed when the next national survey data becomes available.

Finance

A working group drawn from across the NHS developed the finance indicators, which cover the key financial requirements set out in the 2009/10 Operating Framework. The data will be 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 providers:

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

Some of the indicators in these sub-domains will be new to providers as they rely on information the Department does not currently performance manage. Therefore, there may

[9] PSA 19, indicator 1: 'Secure sustained annual national improvements in NHS patient experience by 2008, as measured by independently validated surveys,
ensuring that individuals are fully involved in decisions about their healthcare, including choice of provider'.

initially be some data quality issues relating to these new indicators, but these should be rapidly resolved.

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

3.6 *Challenged* categorisation

Developing the NHS Performance Regime introduced the concept of *Challenged* organisations, in recognition of the fact that some organisations may require more intensive support to affect recovery.

For example, there may be cases where PCT commissioners can justify additional non-tariff income in order to ensure access to services for more isolated communities, or to encourage market entry, or underpin investment in service developments.

In other cases, SHAs as system managers may need to work with local commissioners and providers to address unsustainable service configurations, or where individual services are unable to meet clinical standards due to insufficient volumes of patients or case-mix.

There may also be cases where an organisation is failing to address persistent underperformance due to poor management.

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. In view of this, the Performance Framework does not prescribe thresholds for designating organisations as *Challenged*. Although, three consecutive quarters as *Underperforming* will trigger a discussion between the Department and relevant SHA about the circumstances (beyond the results of the Performance Framework) facing the organisation.

While there are no prescribed thresholds, there are certain features that *Challenged* organisations are likely to exhibit. These would include some or all of the following:

- local attempts to improve performance have been consistently unsuccessful
- there are serious concerns about quality and safety of patient care
- there are serious concerns about the Board or governance more broadly
- there are wider health economy issues, for example over capacity

It will be essential for the NHS Chief Executive to exercise his judgement, advised by the SHA, to balance concerns relating to the organisation against the impact of categorising it as *Challenged*. This flexibility is required as some organisations may be on the verge of turning their performance around while others may be subject to intractable problems.

The NHS Chief Executive will make the decision based on all of the available evidence, in consultation with the SHA, as to whether an organisation is *Challenged*. In the event that an organisation is designated as *Challenged*, the Department will publish the rationale its publication, *The Quarter*.

Challenged organisations will be subject to more intensive intervention at board level, on behalf of the Department, and led by the SHA. An independent review of the Board and wider governance will be commissioned immediately. In the event that serious failings are revealed, decisive action will be taken, for example the imposition of temporary appointments, suspension or removal of members of the Board.

The organisation will need to agree a comprehensive remedial action plan containing milestones for demonstrating improvements with the SHA and the Department. The SHA will need to closely scrutinise progress to plan, while formal update meetings will be held quarterly with the Director General of NHS Finance, Performance and Operations.

After an organisation has been deemed *Challenged*, the SHA should quickly communicate this information to key stakeholders including staff of the organisation, PCT commissioners, the Local Authority, local MPs, and Overview and Scrutiny Committee. The SHA will need to communicate regularly with these key stakeholders to keep them informed of progress and engaged in the process of recovery.

If appropriate, *Challenged* providers would be advised to make use of the new 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
- Turnaround expertise
- Commissioning
- Workforce
- Patient safety
- Service Improvement
- Clinical Leadership with focus on nursing

After a maximum of 12 months, the NHS Chief Executive will review evidence of recovery against plan in order to make a decision about the future of the organisation. In the case of providers, if there is insufficient evidence of improvement and it is deemed that the organisation is not sustainable in its current form, the NHS Chief Executive could advise the Secretary of State to trigger the statutory Regime for Unsustainable NHS Providers (currently being considered by Parliament). As this is the last resort for dealing with underperforming organisations, it is unlikely to be employed frequently.

3.7 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* the remedial intervention will be led by the relevant PCT commissioner, with reference to the terms of the provider's contract. It is expected that the SHA would oversee this process
- If a provider or commissioner is categorised as *Underperforming* the remedial intervention will be led by the SHA

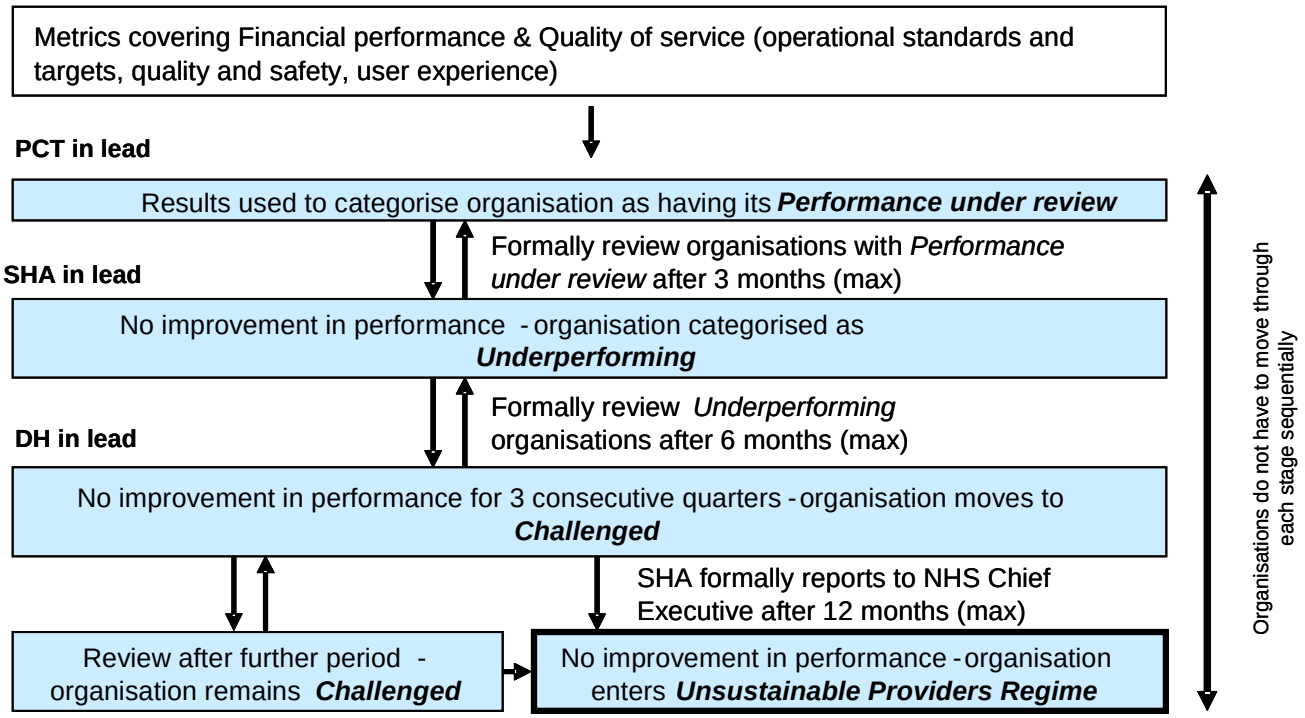
- If a provider or commissioner is categorised as *Challenged* the remedial intervention will be led by the SHA on behalf of the Department

The results of the Framework will 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 poorly or well 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.

3.8 Escalation

When an organisation is categorised as performing it will be given a defined maximum period of time in which to recover. Failure to demonstrate recovery within this time will result in escalation as shown below:



It is possible that organisations will move straight into, and out of, performance categories rather than progressing through them.

The escalation process outlined above 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.

3.9 Feedback on performance

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 quarterly meetings with the Directors of Performance and Finance in NHS Finance, Performance and Operations.

In addition, the existing regular 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.

More broadly, it will be through the SHA Assurance Framework that the Department holds SHAs to account, and through WCC Assurance process that SHAs will hold PCTs to account, for the wider part they respectively play in tackling underperformance and preventing failure.

3.10 Opening assessments

The opening assessment will be generated by applying the Performance Framework to acute and ambulance trusts using quarter 4 2008/09 Finance data; year end data for Operational Standards and Targets; and for Quality and Safety compliance with the HCAI registration requirement, and un-validated self-declarations against relevant Standards for Better Health for 2008/09. This will be available in early June.

Based on the results of the opening assessment, the SHAs and PCT commissioners will need to focus on poorly performing providers and intervene in the run up to the initial application of the Framework.

The first results (Q1 2009/10) of the Performance Framework will be published in late August.

3.11 Publication of results

The Department will make public the results of the Performance Framework in its publication *The Quarter*. This will state the overall performance score and the domain(s) that have given rise to performance concerns. 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.

The details and rationale for designating an organisation as *Challenged* will also be published in *The Quarter*, along with subsequent progress updates.

4. Links with existing performance management and regulatory systems

The new national 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 new 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, using many of the same or similar indicators.

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 Performance Framework (see paragraphs 3.4 and 3.5).

The NHS Performance Framework and the new regulatory regime have been aligned 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.

In addition to registering all providers, the CQC will undertake Periodic Reviews. These will be independent assessments of both providers and commissioners to inform the public about the broader quality of services. Similarly to the Annual Health Check, Periodic Reviews will be retrospective so it is possible that by the time the results are made public, an organisation will have improved its performance under the terms of the NHS Performance Framework.

Monitor

SHAs will continue to work with their acute and mental health trusts to determine when they will be able to make robust Foundation Trust (FT) applications to the Secretary of State. The applications of trusts that are supported by their SHA will be passed to the independent regulator of FTs, Monitor, which assesses and authorises FTs.

Once authorised, 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. In addition, SHAs already have processes in place to prepare well performing trusts for the FT application process.

SHAs should consider the results of the new Performance Framework and would be advised against putting forward any trusts with performance concerns to the Department for approval to pass to Monitor without an agreed improvement plan and assurances of recovery to an agreed timescale. Working with SHAs, the Department has agreed minimum levels of performance on key national priorities for potential applicants, which should be considered alongside the results of the Performance Framework.