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For Action by: **Chief Executives of NHS
Trusts, Local Health Boards and Health
Commission Wales**

Action required: **See sections 4-6**

For Information to: See attached list

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Enclosures:

Annex 1 – National Performance Report Template

Annex 2 – Efficiency and Productivity measures included in the National Performance Report

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Dear Colleague

1. SUMMARY

- 1.1 The Welsh Assembly Government is introducing a new National Reporting Framework for 2008/2009 which organisations will use to report their performance across a range of measures to the Welsh Assembly Government.
- 1.2 The National Reporting Framework will replace the National Balanced Scorecard. The current performance management arrangements remain unchanged.
- 1.3 This circular should be read in conjunction with WHC (2008) 052 AOF Part B: A Performance Assessment Framework to Support High Performance.

2. BACKGROUND

- 2.1 Performance measurement and reporting is a key component of the NHS Performance Improvement Framework (PIF), which has been in place since 2002/2003. It is important for any organisation, and those responsible for it, to measure and report performance in order to understand how it is performing and where improvements must be made.
- 2.2 The National Balanced Scorecard has been the tool used to date to report performance within NHS Wales. The scorecard contained a range of quantitative and qualitative measures which represented both national priorities e.g. AOF national targets, efficiency and productivity measures and the wider improvement agenda e.g. service modernisation and improvements in clinical and corporate governance.
- 2.3 The introduction of the Healthcare Standards for Wales in 2005 has changed the landscape with regard to the relationship between performance management, performance improvement and reporting. To date, the performance management framework and Healthcare Standards have, to a large extent, been operated as separate improvement frameworks by organisations, with separate information requirements and reporting arrangements.
- 2.4 The Welsh Assembly Government is clear in its view that the Healthcare Standards for Wales provide the over-arching framework for the design, delivery and improvement of services in Wales. The impact and coverage of the standards has developed significantly over the past two years, with the

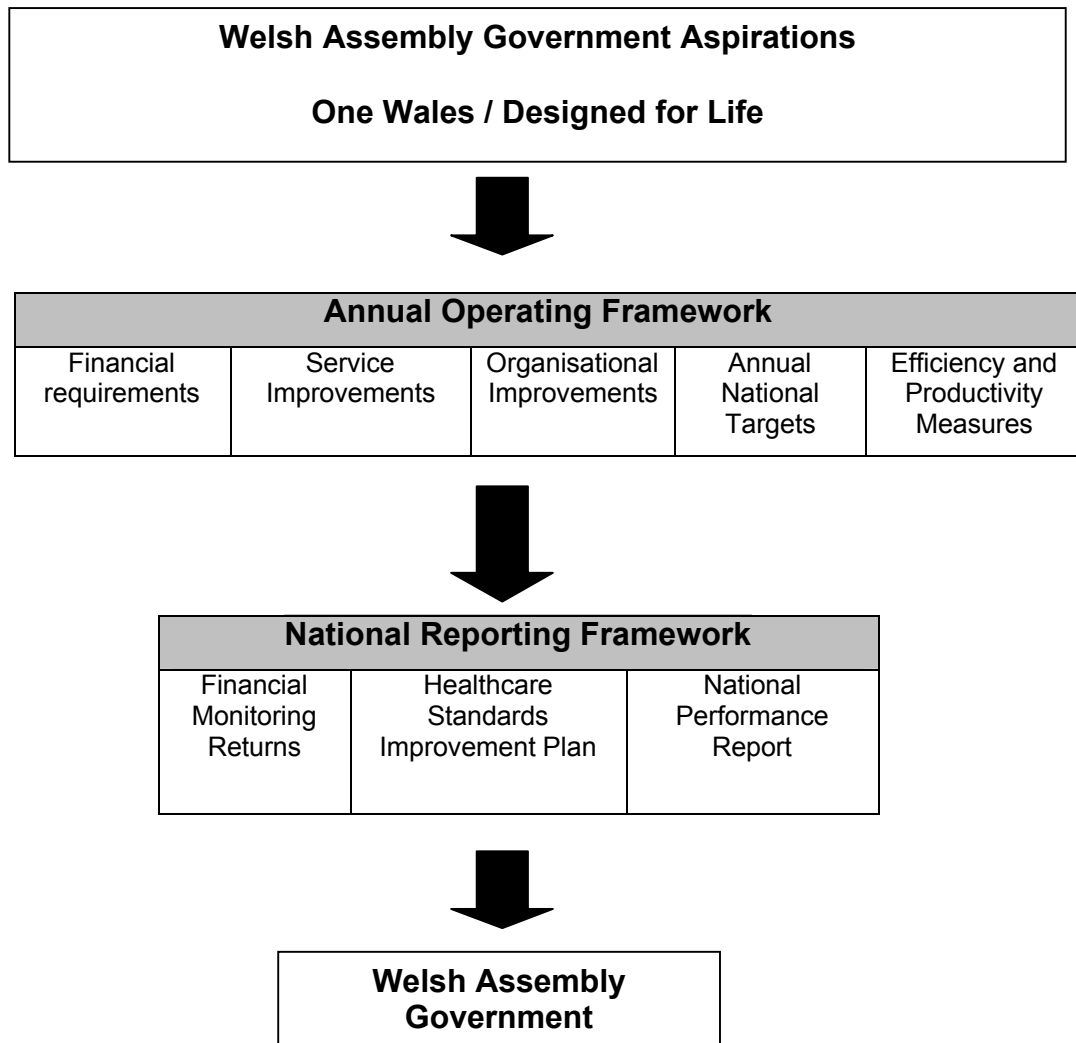
integration of performance management and performance improvement agendas being accelerated in 2007/2008.

- 2.5 These developments must be supported by the re-alignment of the supporting processes and systems, which is critical in ensuring that optimum value is delivered. The National Reporting Framework has taken account of these developments to ensure that:
- i. information generated within the healthcare system is done so once, and is available for use by the various stakeholders for different purposes in a timely manner;
 - ii. that robust information of a qualitative and quantitative nature is available and used to form performance judgements; and
 - iii. any sources of duplication are reduced and removed as quickly as possible.

3. THE NATIONAL REPORTING FRAMEWORK FOR 2008/2009

- 3.1 The National Reporting Framework for 2008/2009 provides an uncomplicated mechanism for organisations to report performance against the AOF requirements. As the requirements are quantitative and qualitative in nature, the National Reporting Framework needs to be able to report both 'hard' and 'soft' information that is available e.g. reporting on annual national targets, efficiency and productivity measures, service and operational requirements, financial returns and the Healthcare Standards for Wales. It will serve to draw together the various pieces of information from different parts of the system, irrespective of who owns it, to enable effective performance assessment to occur.
- 3.2 Figure 1 shows the relationship between the AOF and the National Reporting Framework.

Figure 1: The relationship between the AOF and the National Reporting Framework.



3.3 The National Reporting Framework for 2008/2009 is comprised of three elements:

- (i) Financial Monitoring Returns – to provide information regarding the organisation’s financial performance;
- (ii) Healthcare Standards Improvement Plan – to provide information regarding the organisation’s performance in delivering the AOF service and organisational improvements (ISSRs and IOSRs), standards of governance and improvement in the quality of services; and
- (iii) National Performance Report – to provide information regarding the organisation’s performance in delivering the AOF national targets and efficiency and productivity indicators.

3.4 When considered together, the information contained within these three reporting elements will provide the quantitative and qualitative information required to assess the performance of an organisation against the requirements set out in the AOF and its progress made towards achieving the Healthcare Standards for Wales.

3.5 Two of the three reporting elements, the Financial Monitoring Returns and the Healthcare Standards Improvement Plan, are existing and well understood mechanisms used by NHS organisations to provide information to the Welsh Assembly Government. Therefore, organisations will simply need to follow the specific guidance issued in relation to these returns. This approach should also reduce the burden of reporting placed on organisations.

3.6 The remainder of this circular concentrates on the National Performance Report.

4. NATIONAL PERFORMANCE REPORT

4.1 The National Performance Report is a new element of the National Reporting Framework for 2008/2009 and is focused entirely on reporting organisational performance against the AOF annual national targets and efficiency and productivity measures, set out in the AOF 2008/2009. The National Performance Report template is attached at Annex 1. The Efficiency and Productivity measures included in the National Performance Report are shown at Annex 2.

4.2 The National Performance Report is an uncomplicated reporting template for use by all organisations in Wales. It is recognised that the different nature / type of organisation (Trust/LHB/specialist commissioner/ provider) results in different reporting requirements for each. The report template indicates which measure is applicable to which organisation. Where the target is not

applicable, for example Inpatient Waits for the Welsh Ambulance Services Trust, the cell should be marked N/A.

4.3 All organisations are required to complete the National Performance Report on a quarterly basis and submit it to Regional Offices. Health Commission Wales (HCW) is required to complete a National Performance Report in the same way as other NHS organisations, and submit it to the Director of Service Delivery and Performance, Department of Health and Social Services.

4.4 An electronic copy of the National Performance Report can be found at:

<http://howis.wales.nhs.uk/sites3/page.cfm?orgid=407&pid=7165>

4.5 Those organisations that merged in April 2008, are required to report as the new statutory organisation in the first quarter of the year (by 31 July 2008). Those that merge during 2008/2009 must report as the new organisation at the next available quarter.

5. ARRIVING AT A PERFORMANCE JUDGEMENT

In-year:

5.1 All organisations must use the traffic light system to provide an easy-to-read visual guide to their performance. The scoring should be applied on the basis that:

- **Green** = performance is on target.
- **Amber** = performance is below target but actions and resources are in place to ensure the target or measure will be achieved in the next period of performance review.
- **Red** = performance is below target and an action plan / additional effort or resources are required to achieve the target or measure in the future.

5.2 Any red or amber scores will need supporting evidence that robust plans are in place to improve performance.

5.3 In addition to the green/amber/red colour score within the National Performance Report, organisations are required to include the numeric value of their actual performance, where applicable, as this will assist discussions with Regional Offices.

5.4 It is overly simplistic to set specific criteria for organisations in judging their in-year performance for each measure. As this is an organisational report, it is a matter for each organisation to decide how to judge its in-year performance. Organisations should be realistic in their assessment of performance and will be held to account by the Welsh Assembly Government through the performance management arrangements.

- 5.5 Delivery and Support Unit will use the National Performance Report and central data available to the Welsh Assembly Government to instigate an intervention. WHC (2007) 086 Annual Operating Framework (Annex B) sets out the specific criteria that will trigger an intervention. Organisations are therefore recommended to use these criteria when assigning their own score within the National Performance Report.
- 5.6 In the absence of timely information the Regional Office will make the assumption that the organisation is non-compliant against the measure(s) and will score the organisation red.

Year-end:

- 5.7 Organisations can score only green or red at year-end or immediately after a period when the target should have been delivered.

6. NATIONAL REPORTING FRAMEWORK TIMETABLE 2008/2009

- 6.1 Organisations must complete and submit the Financial Monitoring Returns in accordance with the established **monthly** reporting cycle set out by the Resources Directorate and Regional Offices of the Department of Health and Social Services.
- 6.2 Organisations must complete and submit the Healthcare Standards Improvement Plans in accordance with the established **quarterly** reporting cycle set out in WHC (2008) 001 Healthcare Standards Assessment 2007/2008 as shown in Table 1.
- 6.3 Organisations must complete and submit the National Performance Report on a **quarterly** basis to the relevant Regional Office, or Director of Service Delivery and Performance in the case of Health Commission Wales.
- 6.4 The timescales for submission of the National Performance Report are set out in Table1.

Table 1 Timetable for Submission of the National Performance Report and the HSCIP

Quarterly Review Timetable	National Performance Report Submission	HCSIP Submission
Quarter 1	31 July 08	31 July 08
Quarter 2	31 October 08	31 October 08
Quarter 3	30 January 09	30 January 09
Quarter 4	30 April 09	30 April 09

7. QUERIES AND CORRESPONDENCE

- 7.1 An electronic copy of this circular and the National Performance Report is available on the NHS Performance Management website:

<http://howis.wales.nhs.uk/sites3/page.cfm?orgid=407&pid=7165>

- 7.2 Queries regarding the contents of this circular should be directed to:

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Yours sincerely



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