

PARTNERSHIP FOR CARE

PERFORMANCE INCENTIVE FRAMEWORK

1. Scotland's Health White Paper "Partnership for Care" published on 27 February 2003, gave a commitment to a new Performance Incentive Framework (PIF) to be developed in 2003 supporting NHS Boards who display good and/or improving performance.

Role of the Performance Incentive Framework

2. The PIF will seek offer clear and transparent incentives and will balance the escalating intervention protocol that already exists (*see Annex B*).

3. This discussion paper is consistent with "Partnership for Care" as well as with "Rebuilding our NHS", published in May 2001. These documents outlined a commitment to establishing a set of incentives to encourage good performance and act to intervene and support to turn round weak performance across NHS bodies. Also relevant to the development of the PIF is the fact that the Performance Assessment Framework (PAF) is now embedded in NHS Scotland; it provides systematic comparative performance information, which is published annually. It is broadly based, and looks at many indicators besides financial performance so we have a sound basis for assessing performance.

4. The next step is to set out and agree with the NHS appropriate and relevant incentives with which to acknowledge good performance. In doing so, we recognise that one of the most powerful acknowledgements is proper public and peer recognition of a job well done.

Operation of the Performance Incentive Framework

5. In framing proposals for incentives, we have been guided by the following principles:

- incentives for NHS systems where things are going well or going better, in addition to support where performance is declining or weak;
- greater clarity and predictability about when acknowledgement of success will be given and when intervention will occur, so that behaviour and performance are influenced over time;
- acknowledgements which, wherever possible, are specific to meeting agreed targets, eg, on waiting;
- a range of successes which can be acknowledged; and
- the approach being open and transparent to the NHS, patients, public and other bodies.

6. It is expected that an effective PIF would have the following characteristics:

- A balance between incentives and interventions.
- Acknowledgement for sustained improvement in performance, not just one-year sprints that turn out to be unsustainable.
- Takes account of where performance of individual Boards is starting from, as well as performance against Scottish averages.
- System should be flexible enough to simultaneously deliver incentives and intervene in a Board that has areas of both good and declining performance.
- Existing incentives/interventions are embraced by the new approach.
- The PIF will not be purely financial.
- It will have a high level of acceptance within the NHS.
- It will not "penalise" the public in areas of poor or declining performance (poorly performing services already penalise the public by providing poor service – PIF should not make it worse).
- The public should notice the difference a PIF system makes.

7. Examples of the incentives being considered are contained within *Annex A*. These examples seek to build on current work and perceived good practice and create a framework around this. Over time, additional means of incentivising performance as well as additional interventions could be introduced. In the same way that the PAF changes slightly year on year the PIF could also develop to reflect changes in practice and legislation. The list at *Annex A* should not be seen as exhaustive, indeed, there will be a number of areas that you may wish to see included within any final version of the PIF.

8. The actual operation of the PIF would be transparent, with clear triggers for each level of incentive or intervention. The responsibility for the use and targeting of incentives/intervention would rest with the Chief Executive of NHSScotland. While the incentives would be linked to the annual Accountability Review cycle,

the intervention system is already in operation and would be invoked as and when required. The aim is to put the incentive aspects of the system into operation after the Accountability Reviews in summer 2004.

Consultation

9. The White Paper sets out that the NHS should be given appropriate incentives to encourage strong performance as well as relevant interventions when necessary. It is right, therefore, that the NHS will play a major role in the development and implementation of the PIF.

10. The closing date for comments on the proposals, as outlined in Annex A to this paper, is 17 October 2003.

11. Any comments should be sent to: -

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Incentives

1. Individual/Group Recognition

Public recognition and official thanks for a job well done. This would help to balance bad publicity when things go wrong. Incentives could include:

- a. Long & Good Service Award Scheme (currently under development) - rewards all staff from porters to consultants;
- b. "well done" visits by NHS Chief Executive and/or Health Ministers;
- c. plaque and/or "certificates" awarded to relevant staff;
- d. celebrate achievements recognised by external award giving bodies;
- e. media releases both national and local for the above;
- f. timing could be throughout the year but especially after the Accountability Review process in support of the publication of the Chief Executive's letter to the NHS Board.

2. Financial

Break even for current financial year. Incentives could be:

- a. reduced detailed justification for capital schemes (already, provisionally, introduced as part of the revision of the capital allocation system);
- b. perhaps the flexibility around the use of specific funding allocations (eg, if allocation is made to improve discharge planning but NHS Board already has robust plans in place, then the Board should be allowed to divert these funds to another area of need).

3. Specific Activity Performance

Improving performance in specific selected activities (eg, waiting times, clinical outcomes). Incentives could be:

- a. reduced frequency of assessment (if annual reduce to every 2/3 years);
- b. reduced frequency of visits (if annual reduce to every 2/3 years);
- c. specific activities would not be part of Accountability Review process;
- d. preferential access to pilot schemes relevant to specific activity;
- e. preferential access to additional finance from SEHD for specific activities.

4. Mutual Support

A good performing Board in a specific activity helps a Board with poor or declining performance in that activity eg, by secondment and/or Task Force. Incentives could be:

- a. Department funds the good performing Boards' costs in relation to secondment/Task Force for agreed period.

5. Dissemination of Good Practice

A Board with good or improving performance in a specific activity disseminates the best practice to all other NHS Boards in Scotland. Incentives could be:

- a. Department funds the good performing Boards' costs arising from the dissemination of best practice for one financial year.
- b. Sabbaticals for individuals and the funding for back filling posts.

6. Local Autonomy and Enhancement

Good performance by a Board on a number of pre-set indicators. Incentives could be:

- a. greater freedom to re-invest locally generated capital receipts (up to agreed limit).

7. The policy principle underpinning the success aspects of the system is that one of the most powerful acknowledgements is proper public and peer recognition of a job well done. This acknowledgement could be utilised frequently and regularly and would have an immediate impact. The acknowledgement will also be targeted specifically at the area of activity where sustained good performance has been identified.

Interventions

8. The escalating intervention protocol detailed here is already in existence. This is targeted at addressing weaknesses in the local NHS system rather than seeking to target individuals. The Health Bill, currently being tabled in the Scottish Parliament, seeks to augment these powers by enabling timely and effective support to be given in areas where the health system is failing.

9. Currently, the escalating intervention protocol is as follows:

10. Meetings between officials from SEHD and NHS Board with SEHD providing help, advice and support with a view to resolving problems within a short, focused timescale.

11. Meetings between officials from SEHD and NHS Board lead to the production of a "recovery plan" (eg, Grampian financial recovery plan). This plan will be closely monitored by the SEHD along with the usual complement of help, advice and support.

12. Where performance continues to be poor SEHD discusses with the NHS Board how management might be strengthened and takes the necessary action (eg, Beatson Unit).

13. If performance continues to be poor the Department can choose to send in a Task Force to assist management (eg, in Tayside and more recently Argyll & Clyde).

14. In addition to support/action above, the Chief Executive, NHSScotland can recommend to the Minister that he should request the Chair and non-executives of an NHS Board to seek the resignation of or dismiss the Chief Executive of the NHS Board.

15. Ministerial action can be taken to remove the Chair and/or members of an NHS Board.

16. The policy principle underpinning the support aspects of the system is that only in exceptional circumstances should action/support need to extend direct intervention by SEHD (such as using a Task Force). SEHD and NHS Boards will make every effort to resolve performance related issues with a strong presumption that early meeting between Board and Department will account for the vast majority of the necessary support/action measures.