

PERFORMANCE MANAGEMENT FRAMEWORK



| | |
|-------------|--|
| Lead | Angela Moodie, Director of Finance, Planning & Governance |
| Author(s) | Caroline Champion, Planning & Performance Manager / Jane Illingworth, Head of Planning & Governance |
| Version | v1.1 |
| Date | 30 August 2023 |
| Review Date | August 2026 |

Table of Contents

| | |
|--|----|
| 1. Introduction..... | 4 |
| 2. What is Performance Management? | 4 |
| 3. Purpose of Performance Management..... | 4 |
| 4. Strategic Context..... | 5 |
| 5. The Assurance Framework | 6 |
| 6. Strategic and Operational Planning..... | 6 |
| 8. Measurement of Performance | 7 |
| 9. Accountability, Roles and Responsibilities | 9 |
| 10. Creating A Performance Management Culture | 11 |
| 11. Performance Reporting Process | 12 |
| 12. Implementation..... | 13 |
| 13. Review of Performance Management Framework | 13 |
| 14. Appendices | 13 |

1. Introduction

- 1.1. This Performance Management Framework (PMF) defines how Healthcare Improvement Scotland (HIS) manages its organisational performance. It provides the strategic focus and framework to guide our continuous improvement journey. It describes the processes used and the tools available to support achievement against [HIS' Strategy 2023–28](#), Scottish Government priorities and our Annual Delivery Plan (ADP), thus enabling decisions to be taken and necessary actions based on facts about our performance.
- 1.2. The Performance Management Framework links to everything we do and is based on the principle that we all have a role to play in shaping how our organisation performs and delivers on our key objectives. The Framework also ensures HIS fulfils its contractual commitments agreed with Scottish Government, and takes into account the [NHS Scotland Blueprint for Good Governance](#).

2. What is Performance Management?

- 2.1 Effective performance management involves our strategic organisational direction and defining our actions to achieve this. Then, by monitoring, maintaining and improving performance it can be used as a key tool for delivering better outcomes and achieving value for money.
- 2.2 It enables an effective, formal, regular and rigorous system of data collection and usage to indicate trends and measure performance of service delivery. Performance management helps identify areas of good practice, to focus on continuous improvement and supporting delivery of improved better quality health and social care for everyone in Scotland.
- 2.3 Performance management enables key decision makers to take necessary action based on facts about our performance.

3. Purpose of Performance Management

- 3.1 HIS' Performance Management Framework provides the supporting structure to make systematic and continuous improvements to performance ensuring it meets its strategic objectives. It ensures as a public sector organisation we are accountable for our performance and is a key part of our wider corporate governance framework aligned to the Blueprint for Good Governance.
- 3.2 The Framework also provides a useful engagement tool to demonstrate ownership of performance at every level of the organisation, not just at Board level. Performance management is at the heart of what we do to enable the organisation to support delivery of high quality, safe, efficient, patient-focused,

affordable and sustainable health and social care services for everyone in Scotland. Our staff are key to ensuring we meet our strategic objectives.

3.3 Good performance management offers many benefits including:

- Helping to clarify key objectives and priorities
- Measurement of progress towards strategic objectives and intended outcomes
- Promoting accountability and transparency
- Embedding a culture of innovation and excellence in all that we do
- Driving continuous learning and improvement
- Enabling best value
- Instilling confidence across our organisation, our sponsors in Scottish Government and those that provide and use health and care services across Scotland
- Protecting and enhancing the reputation of HIS

4. Strategic Context

4.1 The Planning and Delivery Cycle, outlined at Image1, summarises the ongoing collaborative process between Scottish Government and Boards. HIS is required to deliver the components set out under 'Board Annual Planning'.



Image 1 Planning and Delivery Cycle¹

4.2 Greater coherence in an overarching plan reduces the number of in-year disruptions within planning and in future will allow for greater focus on resource and financial planning. This responsive planning cycle will mature year-on-year to improve future planning and delivery priorities.

¹ Delivery Plan Guidance National Boards, March 2023 (Scottish Government)

5. The Assurance Framework

- 5.1 Promoting and delivering good governance starts with the development of an assurance framework bringing together the organisation's purpose, aims, values, corporate objectives and risks with the strategic plans, change projects and operating plans necessary to deliver desired outcomes. Image 2 below outlines how the Framework is aligned to HIS' governance arrangements.

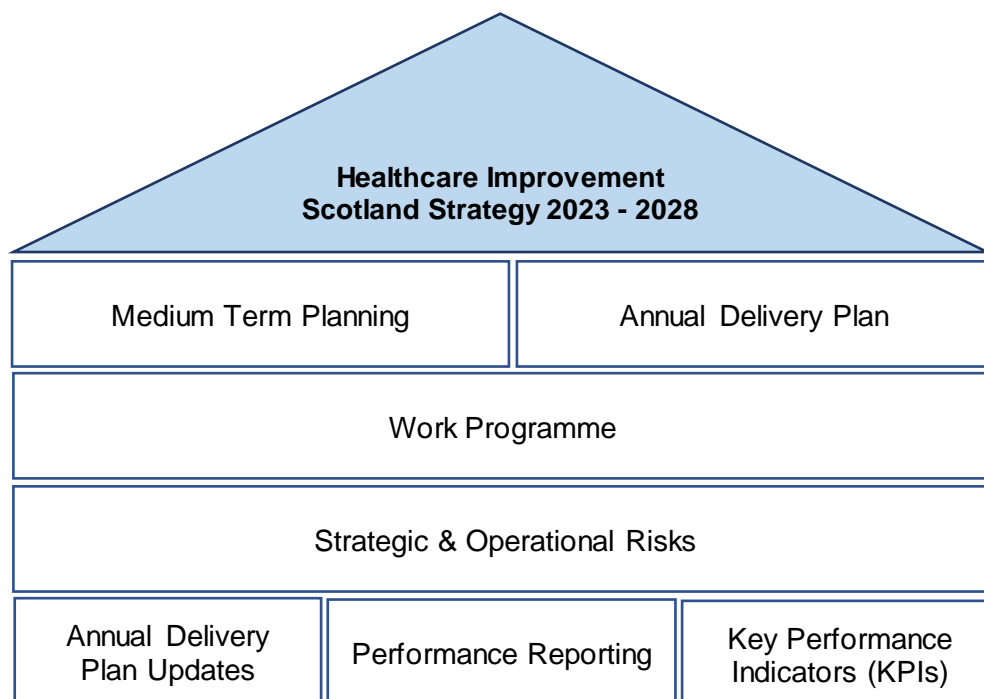


Image 2 HIS Performance Governance Arrangements

- 5.2 The Framework is used to identify resolve any gaps in control and highlight areas where assurance is not present or insufficient in relation to the delivery of HIS' corporate objectives or operational priorities.
- 5.3 The Framework outlines the relationship between strategic outcomes expected and operational plans to deliver those outcomes. This is an essential component of a performance management framework.

6. Strategic and Operational Planning

- 6.1 Each year, through the annual delivery planning process, the Board agrees the work programme in line with HIS' Strategy and national planning priorities. Progress against these priorities is monitored through the performance reporting process with updates to the Quality and Performance Committee and Board.
- 6.2 During the planning process, engagement with our stakeholders is key to identifying our priorities and ensuring we remain effective. Understanding the needs of our communities across Scotland and aligning our strategic, financial and delivery plans to best meet identified needs will ensure we are delivering

the right support and making care better. Everything we do is driven by local and national policy. Clear communications of the connectivity between operational, service, organisational and higher-level policy and plans will help our understanding of the contributions we all make to delivering on priorities and support the delivery of our ambitions to improve outcomes.

6.3 Our work will follow HIS' Quality Management System (QMS) which aims to provide a co-ordinated and consistent approach to managing the quality of what we do from planning through to delivery. In addition, we aim to expand the use of logic models across the organisation to link our work to higher level outcomes and support evaluation of our impact.

7. National Performance Reporting – Annual Delivery Plan

7.1 In addition, HIS is required to submit an Annual Delivery Plan (ADP) to Scottish Government and against this we are required to submit quarterly progress reports.

8. Measurement of Performance

8.1 The performance management cycle is the process that monitors and evaluates progress and manages improvement in delivery of planned outcomes. The image below outlines HIS' annual planning and performance cycle.

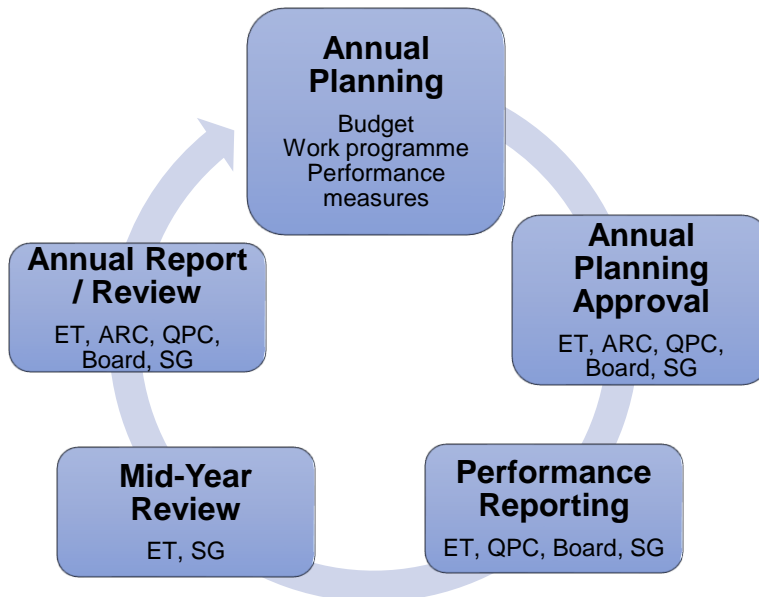


Image 3 Performance Management Cycle

8.2 The main strands of performance reporting within HIS are :

- Board Performance Report and dashboard
- Quality and Performance Committee Performance Report
- Annual Delivery Plan progress (SG)

8.3 Board Reporting

8.3.1 The quarterly performance report provides a high level summary of progress against HIS' Work Programme, Key Performance Indicators (KPIs) and Strategy. The report provides assurances about the range of work taking place and progress against the work programme deliverables, and includes a performance dashboard providing a high level summary of activities for each quarter.

8.4 Strategic and Operational Performance Reporting

8.4.1 The performance report submitted to the Quality and Performance Committee (QPC) is a more comprehensive summary of progress against HIS' work programme and KPIs, for the Committee to consider on behalf of the Board. The report provides high level detail about the range of work taking place and progress against the work programme deliverables, as well as a look forward and anticipated / potential impacts on performance. The report also aligns to financial management reporting and operational risks where possible to give a far more strategic overview of performance.

8.4.2 The Executive Team will review and approve the detailed draft quarterly performance report prior to submission to Quality and Performance Committee. This provides a quality check within the performance reporting process.

8.5 Range of Performance Measures

8.5.1 Performance measurement, monitoring and management must support delivery of our strategic objectives underpinned by continuous improvement embedded into our day to day business. It is therefore crucial the organisational planning stage is right so we have clearly defined deliverables / outcomes against which our performance is measured, this includes local and national priorities, KPIs, and Value for Money assessment.

8.5.2 KPIs are a set of quantifiable operational measures used to gauge the overall performance of an organisation, specifically they help determine the enablement of strategic, financial and operational achievements over a period of time. They are the critical (key) indicators of progress towards an intended result, providing a focus for strategic and operational improvements including safety, creating an analytical basis for decision making and focus attention on what matters most. KPIs are beneficial to an organisation because they help keep track in terms of value for money and efficiency.

8.5.3 KPIs are a mechanism for monitoring the delivery of our operational obligations. They are not a measure of our impact or outputs at this stage.

8.5.4 The KPIs have been developed under a number of headings which align to HIS' Strategy priority areas and how HIS organises itself to

deliver. Each metric is an enabler to allow discussion on the drivers behind them.

8.5.5 KPIs are agreed annually by Quality and Performance Committee and reviewed mid-year by the Executive Team.

8.5.6 The Scottish Public Finance Manual (SPFM) issued by Scottish Ministers provides guidance on the proper handling and reporting of public funds. Boards have a corporate responsibility for promoting the efficient and effective use of staff and other resources in accordance with the principles of Best Value. The Blueprint for Good Governance also sets out the requirement to secure best value as set out in the SPFM.

8.5.7 Compliance with the Best Value duty requires Public Bodies to take a systematic approach to self-evaluation and continuous improvement. Guidance is not prescriptive so organisations can determine the route by which it intends to achieve Best Value. HIS intends to follow the four Es Framework (Image 4 below) as set out in the Chartered Institute of Public Finance and Accountability (CIPFA) [Value for Money Guidance and Toolkit](#) 2021 for public managers planning to assess Value for Money of outcomes-based programmes.

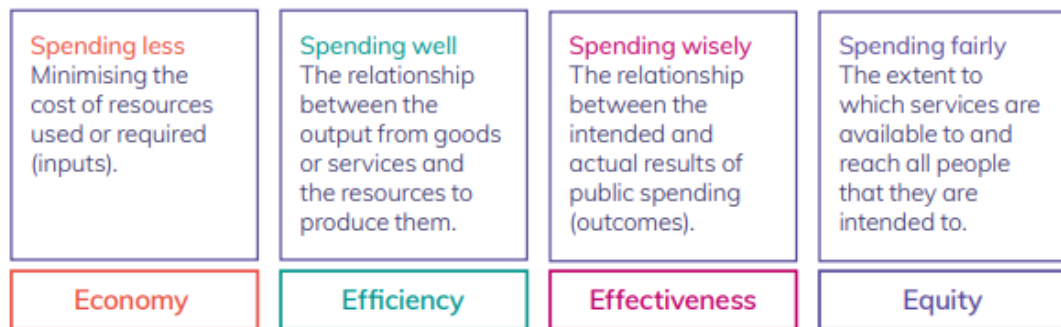


Image 4 CIPFAs Four Es

8.5.8 In response to a recent internal audit, it has been agreed to incorporate Best Value assessment in HIS' quarterly performance reports.

8.5.9 In line with external audit requirements, the Best Value Annual Review will be submitted to Quality and Performance Committee (QPC) in May each year.

9. Accountability, Roles and Responsibilities

9.1 Board

9.1.1 HIS Board has overall responsibility for the implementation of the Performance Management Framework. Board members are required to:

- Set the right level of ambition and communicate those goals widely

- Understand which areas are performing well and which require support or improvement
- Create an environment of appropriate challenge, holding to account and being held to account
- Understand current and future challenges and plan accordingly
- Ensure systems and processes are in place to provide relevant, accurate and timely performance management reports assisting them in obtaining assurance on the delivery of the organisation's strategic and operational plans
- Ensure there is sufficient capability to provide effective organisational leadership to support the delivery of safe, accessible, quality, affordable and sustainable health and care across Scotland

9.1.2 The Board provides leadership and direction to the organisation, will receive regular reports assuring them of the quality and performance of the organisation, and delivery against the Strategic Plan and Annual Delivery Plan.

9.1.3 To be assured about the organisation's performance, Board Members must regularly monitor performance, scrutinise results and challenge outcomes.

9.2 Chief Executive

9.2.1 The Chief Executive is responsible for the strategic management of the organisation including, acting as the Accountable Officer ensuring that financial, quality of services, and the performance against objectives are achieved within available resources, and identifying opportunities for improvement.

9.3 Executive Team

9.3.1 The Executive Team are held to account by seeking assurance that the organisation is being effectively managed, organisational plans are implemented and change is being successfully delivered. Leaders at all levels should be enabled to take responsibility for delivering operational goals and performance.

9.3.2 The Director of Finance, Planning and Governance is the executive lead for performance management, implementation of the Performance Management Framework, and ensuring appropriate, robust systems are in place to provide regular, high quality, comprehensive and accurate performance reporting.

9.3.3 The Planning and Governance Team has responsibility for producing the quarterly performance reports based on updates provided by directorates across the organisation.

9.4 Ownership and Responsibility

- 9.4.1 Overall accountability and leadership for performance lies with the Chief Executive and the Executive Team, however ownership of performance lies with everyone who works for or with HIS. Whilst this Framework defines how HIS manages its organisational performance, it is important to recognise staff are integral to this.
- 9.4.2 The underlying principle that performance is everyone's responsibility relies on an effective appraisal process enabling every employee to be the best they can be, understanding what performance means for them and their role. This is underpinned by the principles set out in [NHSScotland's Staff Governance Standard](#) which describes "a system of corporate accountability for the fair and effective management of all staff".
- 9.4.3 Within HIS, the Staff Governance Committee holds the organisation to account in terms of meeting the requirements of the Standard including strategies and implementation plans relating to people management.

10. Creating A Performance Management Culture

- 10.1 Performance management must be embedded to generate alignment of all directorates across HIS so that all of us are working together to achieve the organisational objectives.
- 10.2 In order to facilitate this, structures exist within the organisation that support reporting through appropriate governance routes to the Board, and the comprehensive detail required for management of performance at the operational level. Reporting structures have been designed to accommodate differing needs of managers at all levels within the organisation, and the information flow across these levels mirrors the management and governance structure.



10.3 Other performance measures where necessary will be used to monitor progress and delivery against the Strategic Plan, Annual Delivery Plan (ADP) and alignment with our corporate objectives. Measures should be identified and reviewed during the annual work programme planning cycle, and align to national priorities where necessary.

10.4 The performance dashboard will continue to be developed to give the Board a balanced view of performance across all areas, and where appropriate the interdependencies between indicators which may be causing performance to fall behind

11. Performance Reporting Process

11.1 The Work Programme Performance Tracker was developed to provide the performance monitoring tool against which individual key deliverables / projects are tracked. The format provides a more up to date performance report (SitRep) but also aligns to financial management reporting, workforce planning and risks where possible.

11.2 The Performance Tracker is multi-functional insofar as it is used to report not only against delivery of HIS' work programme but also provides the basis for our Annual Delivery Plan quarterly updates for Scottish Government.

11.3 The Tracker enables greater alignment to funding allocations and risks providing for a far more comprehensive strategic overview of the organisations performance

11.4 Reporting should be streamlined and efficient, with the Tracker being the only source data for used for the reporting outputs across the organisation.

12. Implementation

12.1 There are a number of actions required to deliver an effective Performance Management Framework embedded across the organisation. These include a range of processes and organisational development to ensure the principles, competencies and capabilities, and ways of working are in place to support the implementation of the Performance Management Framework. These include:

- Annual review of performance measures including KPIs and other approved metrics
- Standard reporting process in place to ensure consistency across all directorates
- A robust process for regular, timely and standardised reporting
- Embedding the revised reporting process including regular review of data sets, interpretation of business intelligence and instigate performance improvement where necessary
- Monitoring performance in relation to delivery of the Strategic Plan, Annual Delivery Plan (ADP) and corporate objectives.

13. Review of Performance Management Framework

13.1 HIS's Performance Management Framework will be reviewed every three years however the framework should be updated as and when required to adapt to any changes in local and national performance management.

14. Appendices

Appendix 1 Indicative Performance Reporting Timetable

Appendix 1

Indicative Performance Reporting Timetable

Each year, the quarterly performance report will come before our committee's allowing scrutiny of our performance and see how we plan to support improvement where required. A calendar of committee meetings is published each year. Below is an indicative timetable for our quarterly performance reporting timetable.

| | Executive Team | Quality & Performance Committee | HIS Board | Scottish Government |
|--------------------------|----------------|---------------------------------|-----------|---------------------|
| Q1 Performance Report | July | August | September | |
| Q1 ADP Update | July | | | July |
| Q2 Performance Report | October | November | December | |
| Q2 ADP Update | October | | | October |
| Q3 Performance Report | January | February | March | |
| Q3 ADP Update | January | | | January |
| Q4 Performance Report | April | May | June | |
| Q4 ADP Update | May | | | May |
| Best Value Annual Review | | May | | |
| Annual Accounts / Report | April | | June | |