Office for Health management

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Performance Management in the Health Service

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Health management is extremely complex. The Brennan Commission on Financial Management and Control Systems in the Health Service stated that compared to other public or private enterprises, the health service presented "a unique management challenge", due to:

- The range of services involved;
- The number and diversity of professional, technical and general staff employed;
- The implications of clinical autonomy in the relationship between doctors and patients for how accountability for outputs and budgetary control is structured;
- The ever-increasing opportunities offered by new medical technologies and drugs for more expensive treatments; and
- The expectations of service users, including patients.

As we know, there is no one right way of doing performance management and the way the health service has gone about it is reflective of the unique characteristics of the health service.

It is a people business, with people serving people. The quality of the service provided depends crucially on the skill and commitment of the frontline staff member and hence on how they are managed and motivated. Thus, Jeffrey Pfeffer's statement that "to build and manage a high performing organisation, leaders must treat people as their most important asset" is particularly true for health.

The workforce is highly unionised, as are all parts of the public service, but it is compounded in health by a number of powerful professional representative groups. This means that change can be slow as vested interests can block initiatives that are seen to be against the interests of their members.

There is little clarity regarding goals and objectives within the system due partly to the myriad of different interests in the service. This is perhaps exemplified in the national health strategy Quality and Fairness – A Health System for You, an excellent and comprehensive policy document but with many goals and objectives. Sir John Harvey Jones, commenting recently on the UK health service, said that managers should only have to focus on at most 3 goals at any one time. More than that and they get distracted and confused!

In addition, the health service, as the Brennan Commission recently pointed out, lacks good management information to guide decision making and hence to measure performance.

These then are some of the constraints on the health system in terms of implementing performance management.

Developments in Performance Management in Health

There are nevertheless five areas in which developments are occurring in relation to performance management in the health service:

1. Service Planning
2. Performance Indicators
3. Performance Related Awards
4. Performance Management Team-Based Pilots
5. Personal Development Planning

1. Service Planning

The health service leads the rest of the public service in terms of service planning. It became a requirement under 1996 legislation. Annual service plans are linked to approved budgets. There are monthly management reports to the DoHC and formal quarterly meetings between boards and the DoHC to monitor service plans. There is a first charge on the following year's budget of any overspend in the current year.

Service planning is developing well. It was patchy across health boards at first but a common template has been introduced for 2004. The service plan is an annual, not a multi-annual plan. Monitoring of the plan is not well developed as yet. A lack of usage of common performance indicators has hampered cross system comparisons up to now but this will change in 2004. The main focus in service plans has been on finance and activity levels, less so on outputs or outcomes.

2. Performance Indicators

An inter-health board process to develop a common set of performance indicators (PIs) commenced in 2000. Working groups were set up to develop PIs, each health board taking a lead role in relation to a different service area, with each group having representation from every board and from the Department of Health and Children. During 2003 the PI reports were used as indicators of each health board's position in delivering on its service plan. There is now a draft set of national performance indicators, for each major service area.

The challenge is to ensure they are used in monitoring progress and that they are comparable across the system. More work needs to be done on

developing them as they are at an early stage of development. There is also a need for prioritisation amongst them to identify key indicators.

3. Performance Related Awards

The Buckley Report no 38 recommended the introduction of Performance Related Awards (PRAs) for Chief Executives and senior managers who come under the remit of Buckley. The scheme has been in operation since May 2002.

CEOs and senior managers are assessed on their contribution to the implementation of the national health strategy, conjoint working between health boards and board-specific priorities (consistent with service plans). Its operation is quality assured by a Committee for Performance Awards in the Health System. Objectives for senior managers are set following a discussion with their CEO, leading to an agreement on priorities and the level of achievement to be aimed at. Each senior manager completes a self-assessment at the end of the review period and this is reviewed by the CEO who decides on the amount of individual awards.

The pool for PRAs is 10% of the pay bill for the grades concerned. Awards of up to 20% may be made to individuals for exceptional performance. CEOs self assess themselves and the amount of their award is determined by the Committee.

Performance related pay is being introduced at this senior level in advance of a performance management system. However, this provides the incentive to move ahead with introduction of performance management at the highest level in the system.

4. Performance Management Team-Based Pilots

Performance management was recognised as one of the key themes under the 2002 Action Plan for People Management. Under Sustaining Progress, it was agreed that a unit or team-based performance management system should be introduced.

A management group was set up under the Health Service Employers Agency to take it forward. Sixteen pilot sites were selected, spread across the country and in health boards and other health agencies. Teams were selected to reflect geographic spread, discrete service or function, clusters of teams at different management levels and involving a significant number of people (approximately 1,500 in total). All unions are participating in the pilot process.

Common elements across all pilots are:

- Focus on team/unit/department performance

- Line manager and team members agree objectives for review period
- Interim and year end progress reviews
- PM seen as integral part of line management role
- Giving and receiving feedback central to the process
- Participative process
- Clearly linked to organisation's service plan
- Clarity of role of team leader vs. team member
- Review to be carried out in a positive, learning and reflective manner.
- Process overall to have a development orientation
- Supporting documentation provided
- Use of performance indicators where possible

Pilots are set to commence in January 2004 (linked to the annual service plan calendar) and to be evaluated in late spring 2004. Training is being provided to all line managers in the pilot sites on how the system operates and the role they are expected to play.

5. Personal Development Planning

Success in the knowledge economy comes to those who know themselves, their strengths, their values, and how they best perform." -Peter Drucker

This is a bottom up initiative aimed at ensuring that individual development needs are related to organisational goals and objectives and is led by the Office for Health Management. Personal Development Planning (PDP) for staff prepares the ground for more formal performance management schemes. It is a voluntary process.

Over 30 PDP pilots were carried out across the country in 1999-2001. There were extremely positive reactions from staff and managers. It was seen as creating an opportunity for dialogue between managers and staff on development issues. The ability to give and receive feedback was identified as crucial to the process. It was found that line managers needed upskilling in these areas. A set of guidelines and tools for PDP were developed. The PDP process was endorsed for roll out across the service in the Action Plan for People Management 2002.

Linked to it is the work undertaken, in a management-union partnership, to identify management competencies for managers in the health service. Management competencies have now been identified for:

- Administrative and General Management Grades (Grade IV to CEO)
- Health and Social Care Professionals
- Nurse Managers.

These competencies basically define the kind of managerial behaviour expected of managers within the service and thus provide clear pointers as to what constitutes "good management". E-learning packages have been

developed which facilitate online 360 degree appraisal and completion of a PDP.

Conclusions

The approach to performance management in the health services is multi-faceted. The emphasis has been on developing acceptable approaches with buy-in from key stakeholders. Thus, the process has been participative and hence slow. Development of performance management has been hampered by constraints due to complexity of the service, lack of investment in information systems and the fragmented structure of the health service with a consequent absence of a clear vision or set of priorities for the service.

The health service is now entering into a period of major reform and re-organisation. This holds out the promise of:

- Reduced fragmentation and clearer service priorities with the establishment of one unified Health Service Executive;
- Greater emphasis on performance outcomes with the establishment of the Health Information and Quality Authority;
- Greater investment in information systems with the publication of the National Health Information Strategy.

Potential dangers in the future for performance management are:

- A possible centralised “command and control” approach to health service management which could reduce commitment to, and belief in, performance management as a more open, transparent and accountable way of delivering services;
- Insufficient investment in the health service infrastructure, particularly information systems;
- The need to engage with clinicians as accountable budget holders;
- The need to develop within the system the analytic and interpersonal skills and attitudes required to implement performance management.