

# Service Plan 2021-2022: Performance Framework

<b>Document title</b>	Service Plan 2021-2022: Performance Framework
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<b>Acronyms</b>	<b>Full form</b>
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CHO	Chief Health Officer
DCE	Deputy Chief Executive
DoH	Department of Health
FMA	<i>Financial Management Act 1985</i>
KPI	Key performance indicator
LHN	Local Hospital Network
NHRA	National Health Reform Agreement
NTG	Northern Territory Government
NTRHS	NT Regional Health Services
WAU	Weighted activity unit

<b>Glossary</b>	
NT Regional Health Services	The NTRHS is a single local hospital network for the purposes of the National Health Reform Agreement. The NTRHS covers five regions: Barkly, Big Rivers, Central Australia, East Arnhem and Top End
NT Regional Health Services Executive	The NTRHS Executive consists of Executive Directors from each of the five regions.

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## 1. Overview

The NT Health Performance Framework (the Framework) outlines the framework within which NT Health intends to monitor, assesses and respond to the performance of the NT Regional Health Services. The 2021-22 Service Plan is central to the Framework and sets out the funding and service delivery expectations of the NT Regional Health Services.

The Framework is consistent with the requirements of the *NT Health Services Act 2021* and the National Health Reform Agreement (NHRA) and outlines a performance management and accountability system, including processes for remediation of poor performance. The NT Regional Health Services are established as the 'local hospital network' for the purposes of the NHRA.

### 1.1. Purpose and Scope of the Performance Framework

The over-arching objective of the Framework is keeping people healthy and improving access to timely, quality, patient focused health care across the NT. It provides an integrated approach to performance review and assessment and sets out service delivery and performance expectations for the funding and service delivery provided to the NT Regional Health Services.

The Framework provides transparent monitoring processes to identify and acknowledge sustained high performance with the view for lessons to be shared across NT Health as well as collaborative approaches to addressing challenges to performance or sustained under performance.

### 1.2. Principles of the Performance Framework

The Framework is guided by seven overarching principles adapted from the Australian Health Performance Framework (AHPF):

<b>Transparency</b>	The Framework is based around clear pre-determined measures of performance which are accessible and easy to understand
<b>Consistency</b>	The Framework is applied consistently and is consistent with NT Health and NT Government objectives
<b>Accountability</b>	The NTRHS and Chief Executive Officer as the System Manager have a role to play in ensuring that performance expectations are met and that services meet the needs of the population.
<b>Responsiveness</b>	Where performance issues are identified, the NTRHS will work together with the System Manager to implement and monitor strategies to address the issue.
<b>Balanced</b>	A view of performance across a number of key components is considered when determining performance assessments.

The AHPF supports reporting on Australia's health and health care performance and provides a conceptual framework to understand and evaluate the health of Australia's population from the perspective of three domains:

- the health status of Australians,
- the determinants of Australians' health; and
- the performance of the health system.

The overarching objective of the AHPF is to facilitate improved health outcomes for all Australians and ensure the sustainability of the Australian health system.

## 2. Annual Service Plan

The *Health Service Act 2021* provides that the System Manager (the CEO) must prepare, in consultation with the NT Regional Health Services Executive, an annual Service Plan for the NT Regional Health Services Further, Further, that the Service Plan must be prepared and distributed by 30 June of each year and applies to the following financial year.

The annual Service Plan includes but is not limited to:

- the hospital services, other health services, teaching, research and other services to be provided;
- the funding to be provided for the provision of the services;
- the performance measures for the provision of services;
- the performance and other data to be provided by the NT Regional Health Services; and
- the NT Regional Health Services expected contribution towards achieving NT Health, NT Government and Commonwealth Government priorities, services, outputs and outcomes.

A Service Plan may be varied in writing by the System Manager after consultation with the NT Regional Health Services Executive, and it must be made publicly available by the System Manager within 14 days of making or varying a Service Plan.

The planning, development and management of the Service Plan follows an annual lifecycle.

- Strategic Planning and Design – Analysing need and identifying priorities and opportunities and service design, funding models
- Implementation/operationalise – delivering services against the annual service plan
- Monitoring and Review – performance reporting and meetings, managing poor performance, performance recognition, supporting customer choice and seeking public, patient and workforce views.

## 3. Performance Framework Requirements

The NT Regional Health Services are to meet the performance requirements as set out in the annual Service Plan schedules, within the budget allocated, and specifically:

- successfully implement agreed plans that address the strategic priorities and governance requirements;
- meet purchased activity targets within the set tolerance bands;
- achieve KPI targets; and
- ensure clinicians, staff and community engagement process is established that facilitates participation and improves satisfaction through all staff groups.

The assessment of the NT Regional Health Services will also take into account performance in relation to COVID-19 planning and service delivery, including service escalation and de-escalation strategies.

### 3.1. Fiscal Management

In accordance with section 11 of the *Health Services Act 2021*, NT Regional Health Services will provide the health services and health support services set out in the Service Plan to the standards and within the budget set out in the Service Plan. Accordingly, it is critical that NT Regional Health Services has strong financial management and accountability.

All staff must comply with the following financial instruments:

- Financial Management Act 1995
- Treasurers Directions
- Australian Accounting Standards

## 3.2. Acquittal of Funding

The Health Service Act 2021 requires the NT Regional Health Services subject to section 27 of the Financial Management Act 1995, to maintain a bank account with an ADI (Authorised Deposit-taking Institution) in the name of NT Regional Health Services. Further that all funding received under the Health Funding Act must be deposited into that separate bank account. This bank account will be the basis of the acquittal of funding by the NT Regional Health Services.

The Health Service Act 2021 requires the following in relation to the acquittal of funding:

- NT Regional Health Services must give the System Manager an annual acquittal of all funding received under the National Health Funding Pool and Administration (National Uniform Legislation) Act 2012.
- the acquittal of funding must be given by 31 July of each year in relation to funding received during the previous financial year.
- as soon as practicable after receiving the acquittal of funding, the System Manager must give a copy of it to the Auditor-General.
- the Auditor-General must conduct an audit of the acquittal of funding and must give a report on the audit of the acquittal of funding to the System Manager by 30 September of each year.

## 3.3. Annual Statement of Operations

To provide transparency on the functions of the 'local hospital network' required under the NHRA, the NT Regional Health Services must prepare an annual Statement of Operations. The Statement of Operations must be prepared in collaboration with the System Manager as part of the preparation of annual audited statements under the Financial Management Act 1995 and Treasurers Directions. The Statement of Operations will provide expenses and revenue of the NT Regional Health Services that is reconciled at the cost centre level against the NT Regional Health Services bank account.

## 3.4. Strategic Priorities

Application of the Framework incorporates the strategic priorities for the NT health system which flow from Commonwealth/State agreements, policies and emerging issues, including implementation of NT Health Funding Reform. These priorities reflect the current strategic themes of the NT Health Strategic Plan, focusing on working together to deliver better health for all Territorians.

The NT Regional Health Services are required to report progress on their strategic priorities on a six monthly basis. Where substantial delays or other issues arise, the NT Regional Health Services shall prepare a plan to address these issues.

## 3.5. Service Delivery Requirements

The NT Regional Health Services are to meet the service delivery requirements as set out in the Service Plan within their allocated funding, including:

- delivery of activity targets, with a focus on agreed volumes of planned care;
- delivery of funded services, programs and initiatives; and
- delivery of any agreed specific funding commitments.

### 3.6. Key Performance Indicators

The Framework uses Key Performance Indicators (KPIs) to monitor the extent to which the objectives of the Service Plan are being delivered. Performance is assessed across the following three domains.

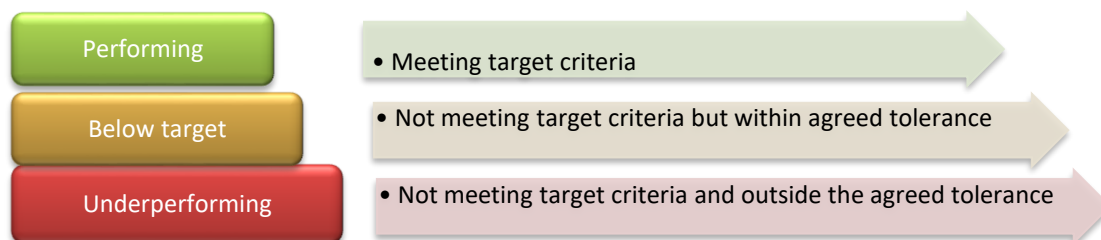
<p><b>Safety, Quality and Access</b></p> <p>Safe and high-quality health care is critical to our service users and their families</p> <p>Health care is accessible and delivers effective outcomes through evidence-based practice</p>
<p><b>Finance and Efficiency</b></p> <p>Available resources are maximised to deliver sustainable, high quality health care</p>
<p><b>Workforce and Culture</b></p> <p>People and culture play a key role in driving performance across our health system</p>

Performance against the KPIs is reported in performance reports produced by the System Manager

### 3.7. Key Performance Thresholds

Performance thresholds have been determined for KPIs. Traffic light tolerances (red, amber or green) are applied to key performance indicator results and indicate whether targets have been met and/or require attention.

Traffic light tolerances:



At the discretion of the System Manager or the Chief Executive Officer:

- additional performance indicators may be included as the need is identified
- supplementary measures may be included to support performance monitoring

### 3.8. Stakeholder Engagement and Consumer Feedback

The NT Regional Health Services are required to ensure a robust process exists that requires engagement with clinicians, consumers, community members and local primary healthcare organisations in planning, developing and delivering health services and, in particular, shaping local service delivery to local needs.

#### Stakeholder Engagement

The NT Regional Health Services will provide the System Manager with a report at mid-year and year-end review meetings that includes:

- Evidence of engagement with local clinicians, consumers and community members in developing and delivering health services that meet the health needs of the community; and
- An overview of consultation and collaboration mechanisms with other providers aimed at minimising service duplication and fragmentation.

## Consumer Feedback

The NT Regional Health Services will provide the System Manager with a report at mid-year and year-end review meetings that includes:

- A trend analysis outlining the overall number of complaints and compliments (formal and point of service) received for the six month period by severity rating;
- An overview of key themes identified from complaints reporting and what actions the Health Services are taking to address these themes; and
- Developing and promoting opportunities for the voices and experiences of consumers including consumers of diverse cultures, abilities, ages, sexual orientation and genders to be reflected in quality and safety improvements within health care environments.

## 4. Operation of the Performance Framework

Operation of the Framework involves:

- ongoing monitoring and review of the performance against the annual Service Plan;
- celebrating successful strategies and enabling shared learning throughout the system;
- system scanning to identify areas of significant concern, clinical risk or sentinel events;
- identifying performance issues and determining the appropriate responses;
- determining when a performance recovery plan is required;
- working with the NT Regional Health Services to develop recovery plans and roadmaps to monitor and measure the recovery;
- working with the NT Regional Health Services Executive to ensure timely turnaround in performance;
- determining when the performance response needs to be escalated and by what magnitude or can be de-escalated; and
- determining when NT Regional Health Services no longer needs a performance response.

### 4.1. Performance Review and Monitoring

Performance reporting requires periodic submission of information from the NT Regional Health Services to the System Manager as identified in the Service Plan. The System Manager may require the NT Regional Health Services to provide additional data or information in relation to new or emerging priorities, to facilitate reporting to Government or in response to performance concerns.

The core elements of the performance review process are:

- distribution of monthly KPI performance reports prepared by the System Manager to the NT Regional Health Services;
- performance review meetings between System Manager and NT Regional Health Services on a monthly and quarterly but more frequently if performance concerns require; and
- Quarterly performance report to the Minister for Health on the NT Regional Health Services delivery against the Service Plan.

Performance meetings aim to assist the System Manager and the NT Regional Health Services to meet the obligations under the *Health Service Act 2021*. The meetings will have a focus on the following key elements:

- Analysing current performance against objectives of the Service Plan including fiscal management and KPIs;
- review previously agreed action items;
- discuss NT Regional Health Services, NT Government and NT Health priorities and initiatives;



- identify any potential or emerging performance issues; and
- identify potential or emerging risks or trends that may affect future performance.

See Appendix 6.1 - Performance meetings purpose and objectives

See Appendix 6.2 – Monitoring and Reporting Activities and Timing

## 4.2. Performance Assessment

A range of performance considerations are made to assess the performance of the NT Regional Health Services and whether escalation or de-escalation is required. Performance concerns will not be escalated or de-escalated solely on the basis of KPI results. Rather, KPIs act as signals that are viewed in the context of the health service's overall performance, including:

1. Implementation of strategic priorities and governance compliance;
2. Implementation of governance structures and processes;
3. Incidents of significant clinical incidents or sentinel events;
4. Deteriorating trend for a particular aspect of performance – e.g. underperforming on multiple KPIs;
5. Delivery of agreed purchased activity targets within the set tolerance bands;
6. Sound fiscal management and operating within agreed budgets; and
7. Progress against agreed turnaround and/or recovery plans.

Where a performance concern is identified, the level of concern and the action taken by the System Manager is determined on a case by case basis through consideration of the particular component/s of performance that has raised the concern, the seriousness and duration of the issue/s, the speed with which the situation could deteriorate further, the time it would take to achieve turnaround and the capacity and capability within the NT Regional Health Services to successfully address the issue.

### 4.3. Performance Escalation Levels and Responses

A range of performance considerations are made to assess the performance of NT Regional Health Services and whether escalation or de-escalation is required. The NT Regional Health Services performance is assessed in terms of whether it is meeting the key performance components set out in section 4.2 above.

There are three stages to performance escalation:

<p><b>Stage 1: Performance concern identified ' Under Review'</b></p> <p><i>Consistently below target thresholds</i></p> <p>NT Regional Health Services to identify the factors that led to or are contributing to performance issue, identification of intended action to rectify the performance issue and timeframe to achieve improved performance.</p> <p>Actions reviewed at monthly performance meeting.</p>
<p><b>Stage 2: No improvement/further decline leading to performance improvement plan 'Under Performing'</b></p> <p><i>Issues raised in Stage 1 have not been resolved, other performance issues emerge</i></p> <p>NT Regional Health Services to undertake an in-depth assessment of the issues and identify options to address the problem and provide a detailed performance improvement plan and a timetable for resolution. The plan is signed off by the Chief Executive Officer.</p> <p>Actions reviewed at monthly performance meeting and status updates at quarterly meetings.</p>
<p><b>Stage 3: Intensive intervention by System Manager - 'Serious Under-Performance Risk'</b></p> <p><i>No improvement from 'performance improvement plan', further decline from Stage 2</i></p> <p>Involves System Manager intervention and may include the appointment of a performance improvement advisor, engagement of external support or commissioning an independent review for the Chief Executive Officer's consideration.</p>

### 4.4. Performance Improvement Plan

Where the NT Regional Health Services does not remedy a performance concern, the System Manager may require that a performance improvement plan be developed. A performance improvement plan will specify:

- the requirements of the Service Plan which is not being met by the NT Regional Health Services;
- the steps to be taken to ensure the requirements are being met;
- the date by which the steps will be implemented; and
- the measures which will determine if performance has been remedied.

## 4.5. Financial Adjustments

The System Manager may apply financial adjustments to the NT Regional Health Services in the case of under or over-performance. The table below provides a guide to the financial adjustment that may be incurred by the NT Regional Health Services. For all other types of activity variance, any financial adjustment is made at the discretion of the System Manager.

	Activity	Adjustment
<b>Under Performance</b>	Emergency Department: Activity below that specified in Part C	No financial adjustment
	Activity below that specified in Part C for: <ul style="list-style-type: none"> <li>Admitted Acute</li> <li>Admitted Sub Acute</li> <li>Admitted Mental Health</li> <li>Non-hospital block funded services</li> </ul>	Contracted activity and related funding may be withdrawn pro rata to the level of under-delivery
	Specific program funding Tied funding agreements	Allocated funding may be withdrawn pro rata to the level of under-delivery
<b>Over Performance</b>	Activity exceeds that specified in the service agreement value (all types of activity).	Service Plan activity is capped and the NTRHS may not receive NTG funding for additional activity. Activity above the NWAU target may be eligible for 45% of the NWAU price up to funding caps agreed with the Commonwealth.

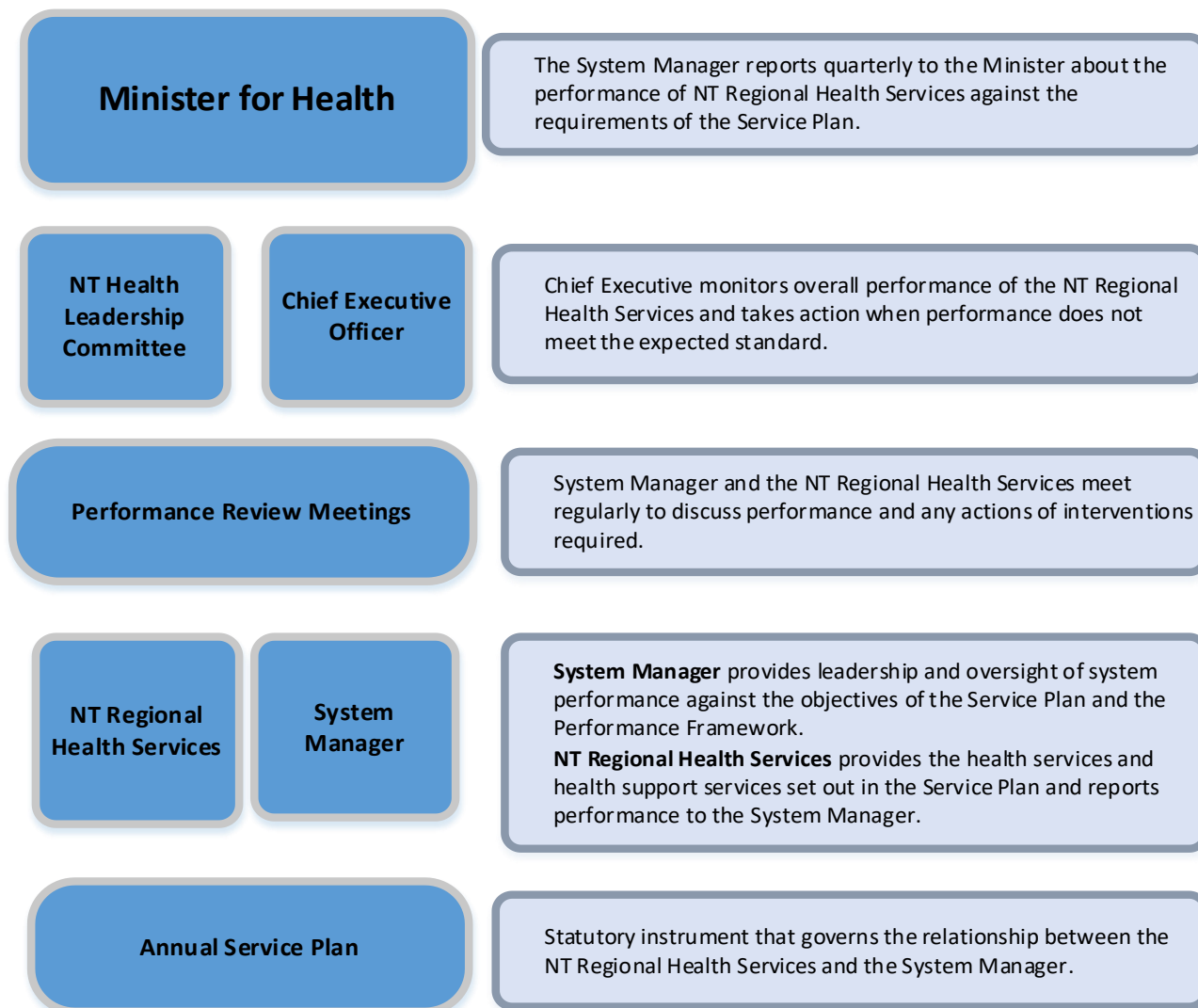
## 4.6. Financial Incentives

The System Manager may apply financial incentives to the NT Regional Health Services to achieve quality targets in specific areas of priority. Performance criteria will be established to assess achievement of the specific incentive priority. The NT Regional Health Services will be required to report the System Manager progress towards and achievement of the specific incentive priority.

## 5. Governance Arrangements

This section outlines the arrangements that govern the activities, roles and responsibilities of the System Manager and the NT Regional Health Services to operationalise the Framework.

Governance arrangements is shown below:



\* The above arrangements will be developed

### 5.1. Roles and Responsibilities

#### 5.1.1 System Manager

The *Health Services Act 2021* requires the System Manager and the NT Regional Health Services to deliver the best possible performance from the public health system. This requires a commitment to collaboration and sharing information, learning and experience across organisational boundaries.

The Chief Executive Officer of the NT Health is the System Manager. The System Manager is responsible for planning for the delivery by the NT Regional Health Services of health services and health support services, preparing and publishing an annual Service Plan and monitoring the delivery of health services by the NT Regional Health Services in accordance with the Service Plan. The System Manager must consult

the NT Regional Health Services Executive regarding the annual Service Plan for the delivery of health services by the NT Regional Health Services.

The functions of the System Manager include:

- planning for the delivery by the NT Regional Health Services of health services and health support services, including planning for the provision of infrastructure;
- negotiating and entering into agreements in relation to the provision of health services, health support services and capital works with other parties, including the Commonwealth and non-government health providers;
- preparing and publishing an annual Service Plan by 30 June each year;
- monitoring the delivery of health services by the NT Regional Health Services in accordance with the Service Plan;
- collecting data on the performance of the NT Regional Health Services and reporting on that performance to the Minister, the Commonwealth and the public; and
- ensuring there are appropriate mechanisms for consultation between NT Regional Health Service and persons interested in the delivery of health services.

### 5.1.1 NT Regional Health Services

The NT Regional Health Services Executive are responsible for managing and administering the NT Regional Health Services and reporting directly to the System Manager. The NT Regional Health Services Executive is the NT Regional Health Services Executive are made up of the Executive Directors from the five regions of Barkly, Big Rivers, Central Australia, East Arnhem and Top End.

The NT Regional Health Services Executive will engage constructively in the Framework and implement the Service Plan objectives in line with the Framework.

The functions of the NT Regional Health Services include:

- providing the health services and health support services set out in the Service Plan to the standards, and within the budget, set out in the Service Plan.
- ensuring health services and health support services are delivered in an efficient, effective and economical way;
- delivering health services and health support services to meet the health needs of the community:
  - to consult and collaborate with other providers of those services; and
  - to minimise service duplication and fragmentation;
- developing local clinical and other governance arrangements and best practice guidelines or standards consistent with the requirements of the Service Plan;
- providing training and education relevant to the provision of health services and health support services; and
- collecting data on its performance and report to the System Manager on that performance, including its administration and financial performance.

## 6. Appendices

### 6.1. Appendix 1: Performance Review Meetings

#### Purpose

The purpose of the performance review meeting is to discuss the NT Regional Health Services performance against the terms of the Service Plan.

#### Objectives

Performance Review Meetings will:

- review and analyse current performance;
- provide a formal opportunity to acknowledge high performance and performance improvement;
- identify and agree specific initiatives to provide support to the NT Regional Health Services, where indicated;
- monitor progress in relation to agreed performance interventions including performance improvement and/or turnaround plans, and specific trajectories;
- discuss the NT Regional Health Services, NT Health and NT Government priorities and initiatives;
- identify any potential or emerging performance issues; and
- identify potential or emerging risks or trends that may affect future performance.

A standard meeting agenda and format will be prepared in collaboration with the NT Regional Health Services and used to ensure a comprehensive and consistent application of the Performance Framework. The process is underpinned by:

- agendas that identify performance status, note actions due and performance concerns for discussion;
- discussion that enables the System Manager and the NT Regional Health Services to raise additional items of concern; and
- clear recording of actions and requirements of the NT Regional Health Services and the System Manager

Routine issues will be dealt with prior to formally scheduled meetings where possible, in order to improve efficiency and responsiveness and to allow time to be reserved for more focused discussion.

#### Membership

The required representation from the System Manager and the NT Regional Health Services will depend on the level of performance concern and the scope of performance issues. Core attendance will be kept to a minimum to facilitate smooth and efficient conduct of business with a core group ensuring coverage of each aspect of performance. Additional attendees may be included where attention to specific areas of performance necessitates the involvement of staff with specialist expertise and knowledge. Performance Review Meetings have the following core attendees:

<b>System Manager</b>
Chief Executive Officer (Chair)
Deputy Chief Executive, System Support Services
Executive Director, Funding and Performance
Director, System Performance
Chief Finance Officer – Department of Health
<b>NT Regional Health Services</b>
Regional Executive Directors x 5 – Central Australia, Barkly, Top End, Big Rivers, East Arnhem
Finance, Performance and Program Directors where relevant

Proxies are only able to attend if approved by the Chair.

**Secretariat:** The meeting secretariat will be provided by the System Support Services Division

## 6.2. Appendix 2: Monitoring and Reporting Activities and Timing

Summary of monitoring and reporting activities and timing as required by the annual Service Plan and the Performance Framework:

Activity	Timing	Who
<b>Provision of data and information on agreed KPIs</b>	Monthly (depending on the individual frequency of collection of individual data collections)	NT Regional Health Services Information to be submitted in accordance with the requirements of each data collection, ensuring data quality and timeliness.
		System Manager will provide a monthly performance report on agreed KPIs to the NTRHS on the 9 <sup>th</sup> business day of the month relating to the previous month
<b>Analysis and interpretation of KPI data</b>	Monthly (as applies to the individual KPI)	System Manager in liaison with the branch or other agencies responsible for the performance area to which the KPI relates
		NT Regional Health Services to undertake its own analysis and interpretation in preparation for each meeting.
<b>Fiscal data and information</b> Information on implementation	Monthly	NT Regional Health Services and System Manager Undertake its own analysis and interpretation in preparation for monthly reporting.
<b>Strategic Priorities</b> Information on implementation	Six-monthly (at mid and end of year review meetings)	NT Regional Health Services Information to be submitted in accordance with the requirement of the NT Government and NT Health area responsible for each strategic priority.
<b>Stakeholder Engagement</b> Information on implementation	Six-monthly (at mid and end of year review meetings)	NT Regional Health Services Information provided in accordance with the requirement of the NT Health Service Act 2021 and applicable quality and safety standards. Information is submitted System Manager as part of performance review meeting.
<b>Consumer Feedback</b> Information on implementation	Six-monthly (at mid and end of year review meetings)	NT Regional Health Services to ensure that the information is submitted System Manager as part of performance review meeting.
<b>Performance review meetings</b>	Quarterly (or more frequently if a health service's performance is subject to a formal performance response)	System Manager is responsible for scheduling and organising meetings and documenting agreed outcomes.
		NT Regional Health Services is responsible for implementing agreed actions and ensuring that there is active monitoring of implementation of agreed actions.
<b>Performance recovery meetings</b>	As determined by the performance response timeframe	NT Regional Health Services to provide a report on progress with implementation of agreed performance recovery actions. This report will be submitted <b>10 business days prior</b> to the scheduled meeting.
		System Manager to document agreed actions arising from the meeting and arrange for the appropriate level of support when further escalation is required.