

NT Health Performance Framework



Document title	NT Health Performance Framework
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Date approved	30 June 2023
Document review	Annually
TRM number	EDOC2023/191461

Acronyms	Full form
AHPF	Australian Health Performance Framework
CEO	Chief Executive Officer
KPI	Key Performance Indicator
LHN	Local Hospital Network
NHRA	National Health Reform Agreement
NTG	Northern Territory Government
NTHLC	Northern Territory Health Leadership Committee
NTRHS	NT Regional Health Services

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1. Overview and Purpose

The Performance Framework (The Framework) is built on a shared commitment between the System Manager and the NT Regional Health Services (NTRHS) to work together to deliver better health for all Territorians and improve access to efficient, timely, quality, patient focused health care across the NT. The annual Service Plan is central to the Framework in setting out the funding and service delivery expectations of NTRHS.

The Framework is consistent with the requirements of the NT *Health Service Act 2021* and the National Health Reform Agreement (NHRA) and outlines a performance management and accountability system, including agreed processes to collaboratively remediate unsatisfactory performance.

1.1. Principles of the Performance Framework

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

Transparency	The Framework is based around clear pre-determined measures of performance which are accessible and easy to understand
Consistency	The Framework is applied consistently and is consistent with NT Health and NT Government objectives
Accountability	The NTRHS and Chief Executive Officer as the System Manager both have vital roles to play in ensuring that performance expectations are met and that services efficiently and effectively meet the needs of the population.
Responsiveness	Where performance issues are identified, the NTRHS will work together with the System Manager to promptly implement and monitor strategies to address the issue.
Balanced	Performance assessments shall take into account reasonable mitigating circumstances and urgency of response required.

2. Performance Requirements

NTRHS is required to provide services as set out in the annual Service Plan. In particular, NTRHS must:

- Deliver services within the allocated budget.
- Implement operational plans that address NT Health strategic priorities.
- Achieve performance within set tolerances against defined key performance indicators.
- Ensure service delivery is shaped to local needs through robust stakeholder engagement and consumer feedback processes.

Additional detail on these elements is provided below.

2.1. Financial Management

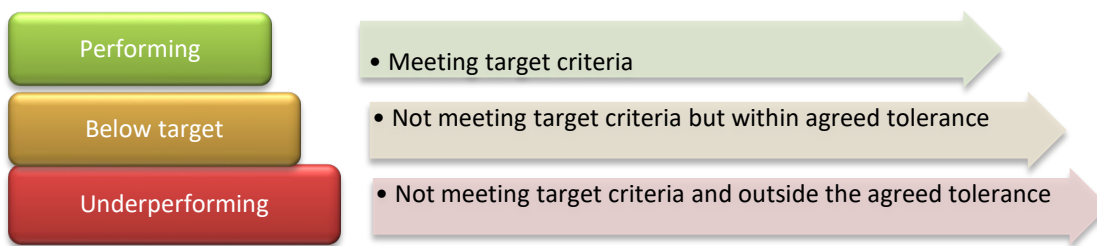
In accordance with section 11 of the *Health Service Act 2021*, NTRHS will provide the health services and health support services set out in the Service Plan to the standards and within the budget as set out in the Service Plan. In accordance with the *Financial Management Act*, NTRHS must not commit money for expenditure in a financial year if the expenditure would result in NTRHS exceeding its approved budget for the financial year.

2.2. Strategic Priorities

The Service Plan will incorporate strategic priorities for the NT health system that flow from Commonwealth/State agreements, policies and emerging issues. NTRHS shall ensure that operational plans are implemented to address these priorities.

2.3. 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. At the discretion of the System Manager additional performance indicators may be included or supplementary measures may be included to support performance monitoring. 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.



KPIs will be organised into Domains, which best describe the type of outcome to be achieved within the health system; and Tiers, which provide a risk basis for KPI monitoring. The Tiers aim to categorise KPIs by their importance to achieving the outcome of a Domain and the urgency of NTRHS responsiveness needed to implement risk mitigation solutions. The table below outlines the criteria that is used to classify KPIs into tier categories.

Tier	Basis Description	Urgency of risk mitigation solutions
Tier 1 Reviewed monthly	<ul style="list-style-type: none"> • KPI performance is critical to achievement of key national or NT-specific targets, or other organisational objective (as defined in Service Plan); or • KPI performance outside agreed tolerance has moderate or higher detrimental organisational impact (combined severity and likelihood). 	<ul style="list-style-type: none"> • Critical that targets and supported outcomes are achieved in-year (subject to mitigating circumstances). • Monthly monitoring of performance and implementation of improvement plans is practical.
	<ul style="list-style-type: none"> • Tier 1 Basis 	<ul style="list-style-type: none"> • Monthly monitoring not practical.
Tier 2 Reviewed quarterly	<ul style="list-style-type: none"> • KPI measures seek ongoing continuous improvement of sector; or • KPI performance supports achievement of Tier 1 KPIs; or • KPI performance outside agreed tolerance has moderate or lower detrimental organisational impact (combined severity and likelihood). 	<ul style="list-style-type: none"> • Targets and supported outcomes should be achieved in year. • Monthly monitoring of performance and implementation of improvement plans is practical.

Tier	Basis Description	Urgency of risk mitigation solutions
Tier 3 NTRHS review and action	<ul style="list-style-type: none"> KPIs are connected to Health Service priority or standard operational benchmark 	<ul style="list-style-type: none"> Targets and supported outcomes should be achieved in year or shorter.
Strategic Tier Annual review	<ul style="list-style-type: none"> KPIs that seek to address longer term longitudinal outcomes which align to NT Health Strategic plan. 	<ul style="list-style-type: none"> Targets are aspirational or long term or affected by improvements in societal health factors.

2.4. Stakeholder Engagement and Consumer Feedback

NTRHS is required to implement a robust process to engage with clinicians, consumers, community members and local primary healthcare organisations to plan, develop and deliver health services that shapes local service delivery to local needs. NTRHS is also required to ensure there are culturally appropriate mechanisms in place to capture, monitor and respond to consumer and community feedback. The Service Plan provides additional detail on requirements that must be met by NTRHS.

3. Operation of the Performance Framework

This Section details the process by which the System Manager and NTRHS will work together to review and appropriately respond to performance concerns and ensure that NTRHS is meeting its obligations under the Service Plan and the *Health Service Act*.

The core elements of the performance review and monitoring process are as follows:

- Monitoring of monthly KPI performance by the System Manager and NTRHS to identify performance concerns.
- Analysis by both the System Manager and NTRHS to identify actual/emergent risks and/or mitigating circumstances to address deteriorating performance.
- Formally meet monthly to discuss and escalate any performance concerns, with the aim of identifying immediate remedial actions that are implemented within agreed timeframes.
- Provide a quarterly update to the Minister for Health on NTRHS's performance status and progress against agreed action plans.

Further detail is provided below on the operation of the performance review process, including meetings, escalation responses, and interaction with KPI tiers and financial adjustments that may apply.

3.1. Performance Review Meetings

Performance review meetings are a central component of the performance review process and provide a transparent, integrated and supportive forum for NTRHS and the System Manager to:

- Discuss performance concerns.
- Agree on actions/strategies to resolve performance concerns.
- Monitor progress against these actions.
- Escalate concerns where appropriate.
- Identify high performance to enable sharing across NT Health.
- Discuss effectiveness of System Manager shared services as required.

Performance review meetings will be held primarily on a quarterly basis by the NT Health Leadership Committee (NTHLC), which comprises the System Manager as well as all NTRHS regions. These meetings will discuss performance concerns against Tier 1, 2 and where appropriate Strategic tier KPIs.

Quarterly NTHLC performance review meetings will be supported by monthly supplementary meetings with individual regions as required. These meetings will focus on monitoring and responding to Tier 1 KPIs, progressing any actions or escalation responses arising from quarterly NTHLC meetings, as well as proactively developing regional action plans and strategies to improve Tier 1 KPI performance.

3.2. Performance Escalation Stages and Responses

NTRHS is accountable for the delivery of its functions under the *Health Service Act 2021*. However, to ensure that NTRHS is meeting these functions, the System Manager will assess the performance of NTRHS and determine whether escalation or de-escalation is required.

Demonstrated ability and timeliness to remediate performance is considered in the decision to escalate or de-escalate responses to performance concern. The System Manager and NTRHS will undertake a review of performance improvement strategies/responses in line with advised/agreed timeframes in determining whether performance concerns have been addressed and de-escalation is appropriate.

The stage of escalation and response is based on the seriousness of the performance issue, the likelihood of rapid deterioration and the magnitude of the issue. Escalation and de-escalation may not be sequential, for example, there may be circumstances where the seriousness of the situation calls for an escalation from Stage 2 directly to Stage 4. Escalation responses will be proportionate and cognisant of mitigating circumstances beyond the control of NTRHS.

Stage	Point of escalation	Point of de-escalation	Response
Stage 1 – Under review Assess and advise	Performance issue identified	The issue is satisfactorily resolved	The System Manager will advise NTRHS that a performance issue has been identified. NTRHS shall provide advice to the System Manager on: <ul style="list-style-type: none"> • The factors that led to the performance issue • The intended action to be taken to rectify the performance issue; and • The timeframe to achieve the recovery System Manager may separately initiate informal employee performance discussion with Regional Executive Director.

Stage	Point of escalation	Point of de-escalation	Response
<p>Stage 2 – Under-performance</p> <p>Formal recovery plan required</p>	<p>Stage 1 response has not been resolved within timeline indicated by NTRHS; or</p> <p>Other performance issue(s) emerge warranting stage 2; or</p> <p>A governance or management failure occurs warranting escalation; or</p> <p>Expenditure variance to approved budget (excluding non-cash items) exceed the greater of \$500,000 or 1 per cent.</p>	<p>The performance issue(s) are resolved and do not re-emerge.</p>	<p>The System Manager will issue request for formal recovery plan and stipulate timeframe for remediation.</p> <p>NTRHS will:</p> <ul style="list-style-type: none"> • Undertake an in-depth assessment of the problem and identify options to address the problem. • Provide a detailed performance recovery plan and a timetable for resolution. The plan, including timeframe for recovery, is agreed to and signed off by the System Manager. <p>System Manager may separately issue the Regional Executive Director with a formal caution or warning.</p>
<p>Stage 3 – Substantial under-performance</p> <p>Additional System Manager support</p>	<p>Performance recovery plan agreed at Stage 2 has not progressed well against agreed timeframes and is unlikely to succeed without additional focus and support; or</p> <p>Sustained expenditure variance to approved budget (excluding non-cash items) exceed the greater of \$500,000 or 1 per cent.</p>	<p>Revised improvement / recovery strategy has succeeded and the performance issue shows no indication of re-emerging in the ensuing 3 months</p>	<p>The System Manager will determine the appropriate course of action and timeframe to address the performance concern/s. This may include:</p> <ul style="list-style-type: none"> • Issuing request for NTRHS to develop revised recovery strategy. • Directing NTRHS to take any particular action deemed necessary to improve performance. • System Manager direct intervention in the operational decision-making of NTRHS to ensure necessary performance improvements are made. • Direct an independent review of the regional health service. <p>The System Manager may also suspend the Regional Executive Director, with or without pay, for a period of time.</p>

Stage	Point of escalation	Point of de-escalation	Response
<p>Stage 4 - NTRHS challenged and failing</p> <p>Changes to the governance of NTRHS may be required.</p>	<p>Performance improvement / recovery strategy agreed at Stages 2/3 has failed within agreed timeframes; or</p> <p>Expenditure variance to approved budget (excluding non-cash items) exceed the greater of \$1,000,000 or 5 per cent.</p>	<p>Performance issue has improved and there is demonstrable evidence that the NTRHS now has the capability to have full responsibility for meeting required functions.</p>	<p>System Manager will determine if NTRHS is capable of meeting its required functions under the <i>Health Service Act</i> and Service Plan.</p> <p>The System Manager may take any of the following actions:</p> <ul style="list-style-type: none"> • Terminate/Remove the Regional Executive Director from the NTRHS Executive and appointment of alternative leadership. • Continue formal employee performance management processes. • Any other action deemed necessary to improve governance of NTRHS.

3.3. Financial Adjustments

Where NTRHS underperforms against funded activities, the System Manager may withdraw allocated funding proportional to the level of under-delivery. Where NTRHS activity exceeds specified allocations, NTRHS may be eligible for additional Commonwealth NHRA funding up to the national 6.5% funding cap, but may not receive additional NTG funding. However, weighted activity delivery in excess of specified allocations must not result in NTRHS exceeding its approved budget.

4. Roles and Responsibilities

4.1. System Manager

The System Manager has functions defined under the *Health Service Act 2021*. In relation to this Framework, the System Manager shall work collaboratively with NTRHS to support and assist them to meet their obligations under the Service Plan and *Health Service Act 2021*. In particular, the System Manager shall support NTRHS to maintain, improve or restore performance to agreed standards. In addition to the performance monitoring and review process detailed in this Framework, the System Manager may stipulate that NTRHS Executive contracts and work plan KPIs will include relevant Tier 1 Service Plan KPIs or any other KPI as appropriate to ensure that key service standards are met.

4.2. NT Regional Health Services

NTRHS has its functions defined under the *Health Service Act 2021*, the Service Plan and National Health Reform Agreement. In relation to this Framework, NTRHS shall have in place an effective internal performance framework that extends to facility and clinical divisions for monitoring performance and identifying and managing emerging performance issues. NTRHS shall report to the System Manager any

emerging or potential performance issue and/or performance risk including immediate actions taken and/or an early assessment of action that may be required to prevent the issue from deteriorating.

The NTRHS Executive, comprising the Regional Executive Directors for each Regional Health Service, shall be responsible for ensuring that all NTRHS service delivery, financial and performance requirements are met. The NTRHS Executive shall ensure that employment contract and work plan KPIs with operational leads include relevant Service Plan KPIs where appropriate, particularly Tier 1 and Tier 2 KPIs.