

# **Performance Management Framework**

*October 2009*

## Introducing our revised Performance Management Framework

*NSW Health plays an important role in the lives of many people - the over two million people we help and support each year, the 100,000 people from all walks of life who work in NSW Health, the people we train and our contribution to world class research.*

*We also play a major role in the NSW and national economy and in Australian health care policy. Almost one third of the NSW Government's budget each year is allocated to the comprehensive range of health and health related services we provide over a wide range of settings, from primary care outposts in the remote outback to our metropolitan tertiary health centres.*

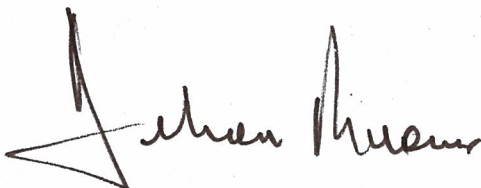
*These important and vital roles also carry important stewardship responsibilities. We owe an ethical, professional and legal duty to the people and Government of New South Wales to ensure that we use the resources available to us wisely and that our performance on all dimensions is the best that can be achieved.*

*The 2009 revised Performance Management Framework is a key tool in driving, evaluating and reporting our performance. In reading, understanding and implementing this framework you will take an important step in further improving our performance.*

*While much of the Framework is focussed at Area/major health service levels, the Framework and its KPIs are equally applicable to clinical networks, units and health service teams.*

*The Framework provides a clear and transparent outline of how the performance of our health services is assessed and how responses to performance concerns are structured.*

*I commend the Framework to you and look forward to your active involvement in further improving and strengthening performance management across NSW Health over the coming years.*



Professor Debora Picone AM  
Director General

29/10/09

---

## Table of Contents

---

<b>1</b>	<b>Overview</b>	<b>3</b>
1.1	Purpose and Scope of the Framework	3
1.2	The Attributes of the Framework	4
<b>2</b>	<b>Performance requirements</b>	<b>5</b>
2.1	Strategic Priorities	6
2.2	Health service and financial performance targets	6
2.3	Other Monitoring Indicators	7
2.4	Governance Requirements	7
<b>3</b>	<b>Operation of the Performance Management Framework</b>	<b>7</b>
3.1	Overview	7
3.2	Timing of Implementation	8
3.3	Performance review	9
3.4	Performance assessment criteria and performance triggers	9
3.5	Levels of performance response and intervention	11
3.6	Process for performance escalation/de-escalation	12
<b>4</b>	<b>Governing arrangements</b>	<b>15</b>
4.1	Roles and responsibilities	15
4.1.1	The Department	15
4.1.2	Health Service	15
4.2	Coordination and communication within the Department	16
4.3	Monitoring and Reporting	16
4.3.1	Monitoring and reporting processes	16
4.3.2	Reporting to the Minister and Treasury	18
4.4	Conduct of performance meetings	18
4.4.1	Periodic performance meetings	18
4.4.2	Annual Performance Meeting	19
	<b>Appendix A – Strategic Priorities for 2009/10</b>	<b>20</b>
	<b>Appendix B – Key Performance Indicators (KPIs) and Targets</b>	<b>26</b>

## Overview

This document sets out the framework for managing the performance of public health services in New South Wales. It sets out the performance outcomes expected to achieve the levels of health improvement, service delivery and financial performance required of each Health Service. The performance framework and its KPIs apply at both whole of Health Service and facility/service levels, promoting and supporting a high performance culture throughout the Health Service.

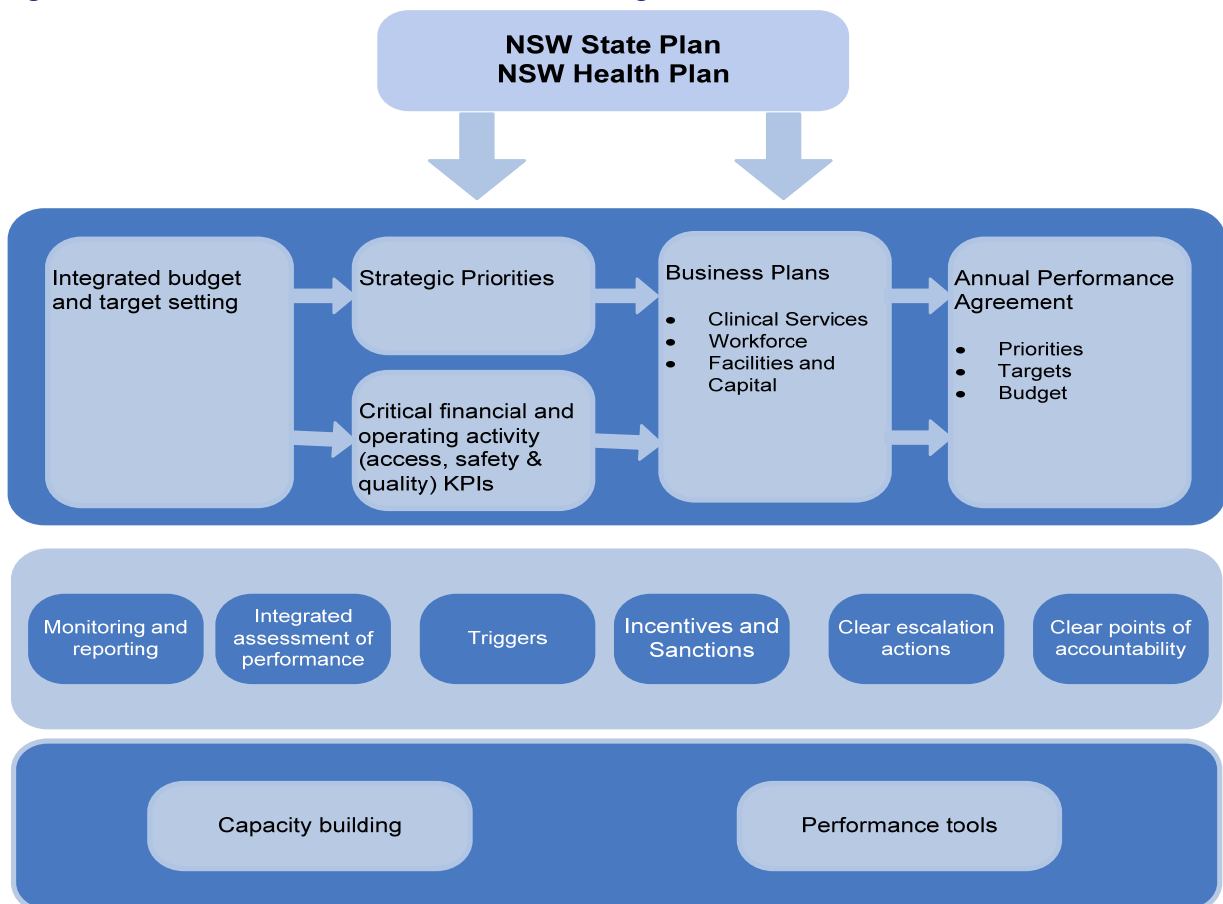
The Framework also sets out the performance improvement strategies, interventions and management processes that the Department will apply to ensure that these outcomes are achieved in accordance with Government policy.

### 1.1 Purpose and Scope of the Framework

The Framework provides an integrated process for performance review and management, with the over-arching objectives of improving patient safety, service delivery and quality across NSW Health Services. It forms an integral part of the annual business planning cycle that establishes the annual performance agreements between the Department and individual Health Services. This is undertaken within the strategic frameworks provided by the State Plan, the State Health Plan and the key strategies for change outlined in *Caring Together*.

The integration of the strategic frameworks, business planning, budget setting and performance management is depicted in the following diagram:

**Figure One: The Business and Performance Management Process**



The implementation of episode funding is pivotal to the new Performance Management Framework. It not only frames a significant part of a Health Service's budget, it also stipulates the minimum level of activity that a Health Service must provide to address the health care needs of the community and the level of efficiency it must attain to ensure that it is managing the Health Service well.

The Framework applies to the Area Health Services, Justice Health, the Ambulance Service NSW and The Children's Hospital at Westmead.

Recognising that in a system the size of NSW Health performance will be achieved across a continuum, the Framework is founded on a number of principles. One of these is recognition of the inter-dependence of the elements of the system and that capacity to improve performance may not be able to occur in isolation from other elements of the system.

Careful monitoring, intervention and transparency regarding implications of sustained poor performance are also important elements of the Framework. In taking steps in response to these challenges, the objective is to build capacity and sustainability. Equally, the identification of sustained high performance will not only be recognised, but also evaluated for lessons to be translated across NSW Health.

The Framework provides Health Services with a clear understanding of the response to unsatisfactory performance. It sets out the triggers for intervention in response to performance issues and, where necessary, the process of escalation to restore and maintain an effective performance across Health Service facilities and services.

The NSW Health Performance Management Framework comprises:

- Clearly stated performance requirements: comprising the Strategic Priorities, Governance requirements and targets for the NSW Health Goals.
- Delineated roles and responsibilities of Health Services and the Department of Health.
- Articulated KPIs and performance thresholds for each target that, if breached, will trigger a performance review.
- Robust Governance Processes through which escalation and de-escalation of the intervention will be determined.
- Defined performance criteria to assess whether Health Services are addressing the Strategic Priorities and KPI targets at facility, clinical network/stream and whole of Health Service levels.
- Transparent monitoring and reporting processes.
- Clear levels of response to address performance issues.

## 1.2 The Attributes of the Framework

1. **Transparency** – clear agreed performance targets and responses to poor performance.
2. **Accountability** – clear roles and responsibilities at Department and Health Service level for delivering services to agreed standards; supporting and implementing performance improvement.
3. **Responsiveness** - performance issues are identified early and responses are timely.

4. **Predictability** – Health Services will know when performance intervention is required and what action will be taken.
5. **Recovery** – the focus is on having a clear and practical path of recovery.
6. **Integrated** – the Framework incorporates NSW Health Strategic Priorities and is linked to the objectives of budget, safety and quality, activity and episode funding.
7. **Consistency** – responses to poor performance are proportionate to the issue being addressed.
8. **Recognition** – sustained and/or superior performance is appropriately recognised.

## 2 Performance requirements

Health Services are to meet all performance requirements within the allocated budget, and specifically:

- Successfully implement agreed plans that address the Strategic Priorities and Governance requirements; and
- Achieve performance targets that address NSW Health’s Goals, which are:
  - To keep people healthy.
  - To provide the health care people need.
  - To deliver high quality health care services.
  - To manage health care service well.

Table One provides an overview of the required performance outcomes and frequency of review under the Framework. The full list of performance targets, including the KPIs and performance thresholds, are provided in **Appendix A**.

**Table One: NSW Health Goals and Performance Requirements**

Health Goal	Key requirements	Frequency of review
To keep people healthy	To demonstrate progress in contributing to preventative outcomes.	Annually
To provide the health care people need	To meet and/or exceed performance thresholds for emergency and urgent services at all facilities, clinical networks/streams continuously.	Monthly
	To meet and/or exceed access targets for other services periodically.	Quarterly
To deliver high quality health care services	To meet and/or exceed performance thresholds for patient centred KPIs at all facilities, clinical services/networks continuously.	Monthly
	To meet quality process standards.	Quarterly
To manage the health care service well	To ensure the Health Service achieves service outcomes in a financially sustainable manner.	Monthly

## 2.1 Strategic Priorities

The Framework incorporates the strategic priorities for the NSW public sector health system. These priorities flow from the NSW State Plan, the NSW Health Plan, Caring Together, NSW Government priorities, Commonwealth/State agreements, emerging health issues and NSW Health service plans and policies.

The Strategic Priorities for each health service include both Statewide and Health Service specific priorities. The Department will partner with Health Services to confirm the strategies to address Strategic Priorities relevant to that Health Service.

Each Health Service will prepare a performance plan for each strategic priority that details the timetable, milestones and final outcomes expected from each strategic priority. This plan will form part of the performance framework and will be the basis for assessing achievement of the outcomes.

Strategic Priorities for 2009/10 are set out in **Appendix B**.

## 2.2 Health Service and Financial Performance Targets

Key Performance Indicators (KPIs) have been established for each Health Goal for which performance targets and performance thresholds have been prescribed.

The performance of a Health Service will be assessed in terms of whether it is:

- meeting the performance targets for individual KPIs; and
- achieving a balanced performance outcome across all Health Goals for individual facilities, clinical networks/streams and the Health Service as a whole.

The following performance ratings will be applied for individual KPIs:

<b>Highly Performing - GREEN Zone:</b>	Performance is at or better than target.
<b>Under Performing - AMBER Zone:</b>	Performance is within a specified tolerance range of target.
<b>Not Performing - RED Zone:</b>	Poor performance is outside the specified tolerance range.

The KPIs have been designated into one of two categories (refer Appendix A):

<b>Single period trigger:</b>	for which performance intervention will be escalated when the Health Service is in the red zone for one period (month or quarter, depending on the nominated assessment period for that KPI) or in the amber zone for consecutive periods.
-------------------------------	--

**Multiple period trigger:** for which performance intervention will be escalated when the Health Service is in Amber and/or Red Zone for multiple periods.

## 2.3 Other Monitoring Indicators

In addition to the KPIs, the Department will continue to monitor a broad range of indicators. This monitoring is required for a range of reasons including strategic priorities, emerging health issues, implementation of new service models, reporting requirements to the NSW Government central agencies, reporting requirements to the Commonwealth and participation in nationally agreed data collections.

Should a performance issue emerge with one or more of these broader monitoring indicators, the Director General may determine to amend the Health Service's Performance Agreement and transfer the indicator(s) to become a KPI(s) until the performance issue is resolved.

## 2.4 Governance Requirements

Governance requirements for Area Health Services, Justice Health, the Ambulance Service of NSW and The Children's Hospital at Westmead are established within relevant legislation, NSW Health Policy Directives and Policy and Procedure Manuals and articulated within the Corporate Governance and Accountability Compendium for NSW Health.

Effective implementation of governance requirements is a requirement of the Annual Performance Agreement. Monitoring of compliance with governance requirements will continue to be undertaken by the Corporate Governance and Risk Management Branch of the Department through the annual governance statement process. Non-compliant items as reported in the annual governance statement will be reviewed quarterly and included within quarterly reviews where a Health Service has not demonstrated sufficient actions to rectify the non-compliance.

# 3 Operation of the Performance Management Framework

## 3.1 Overview

The operation of the Framework involves:

- on-going review of the performance of Health Services
- identifying a performance issue and determining the appropriate response to this issue
- determining when a performance recovery plan is required and the level of intervention required;
- determining when the performance intervention needs to be escalated or can be de-escalated; and
- determining when a Health Service is no longer on performance watch.

There are four key components of the performance management framework:

<b>Performance Assessment criteria</b>	Apply to both the Strategic Priorities and performance targets.
<b>Response and Intervention Framework</b>	Determine what action will be taken to resolve the performance issue
<b>Escalation/De-escalation Rules</b>	Determine when a performance issue will be escalated or de-escalated.
<b>Operational Processes</b>	Support the performance management cycle.

### 3.2 Timing of Implementation

The Framework will be applied as follows:

- For July to September 2009, all Health Services (other than Justice Health<sup>1</sup>) will meet with the Department monthly to implement the new Framework. From 1 October 2009, Health Services that are delivering sustained performance will then meet quarterly with the Department.
- Health Services which currently demonstrate significant performance issues will continue to meet monthly with the Department to implement an agreed recovery plan.

Thereafter:

- Where a Health Service has resolved the performance issue and demonstrates that it can sustain the required level of performance, it will move to quarterly meetings with the Department.
- Where a Health Service has demonstrated some improvement but not to a level of acceptable and sustained performance, the recovery plan will be updated and monthly performance review meetings will continue.
- Where a Health Service has not demonstrated sufficient improvement within three months of implementation of the recovery plan, the Health Service will be escalated to a higher level of intervention.

The severity and magnitude of the performance issue will determine the initial level of intervention.

The level of intervention will escalate or de-escalate, according to whether performance has deteriorated or improved.

A Health Service may stay on 'performance watch' once the recovery plan has succeeded depending on the nature of the performance issue and depending on the assessment of the likelihood of re-emergence of the issue.

---

<sup>1</sup> Justice Health will meet bi monthly initially.

### **3.3 Performance Review**

A range of performance criteria will be applied to determine whether there is a performance issue that requires intervention. While centred on the KPIs, other issues may emerge requiring a response and/or intervention.

The performance criteria, plus an assessment of other information available from the broader monitoring activities undertaken by the Department, will be used by the Department to determine whether a performance review is triggered. The response required of the Health Service will be determined by the Department based on its initial assessment of the severity and magnitude of the performance issue.

Criteria have been established to assess the performance of Health Service in relation to:

1. Implementation of Strategic Priorities and Governance compliance.
2. Individual KPIs:
  - a. for which it is imperative that the Health Service meets the target each review period (month/quarter); or
  - b. where there is a pattern of under performance (amber zone).
3. Whether there is a systemic performance issue for the Health Goal – eg: the Health Service has not met the target for multiple KPIs, even though the Health Service may not have breached a critical performance threshold for any one KPI for that Health Goal.
4. Facility and/or clinical service/network level - eg: whether there is a systemic performance issue for a facility and/or clinical service.
5. Whether there is an emerging systemic performance issue for the Health Service as a whole.

### **3.4 Performance Assessment Criteria and Performance Triggers**

Performance monitoring and assessment will occur throughout the year.

The points at which a performance issue is triggered will vary according to the various performance requirements indicated in Table 2. Health Services will meet monthly<sup>2</sup> with the Department for the first 3 months of implementation of this new Framework:

---

<sup>2</sup> Other than Justice Health which will meet bi monthly initially.

**Table 2: Performance assessment criteria and performance triggers**

Performance requirement	Performance trigger
Strategic priorities	Failure to meet designated critical milestones (as per the implementation plan for that priority).
Single period trigger KPIs	Failure to meet the performance threshold during the performance period nominated for that KPI (monthly or quarterly) OR two or more consecutive assessment periods of under performing (not meeting target but within performance threshold) for any one facility and/or clinical service/network in the Health Service or for the Health Service as a whole.
Multiple period KPIs	Two or more consecutive assessment periods of the Health Service under performing or not meeting performance thresholds.
KPIs with annual targets	Failure to meet the performance threshold for the individual KPI.
Safety and Quality	Underperforming in three or more KPIs in any one facility, clinical network or stream.
Access	Underperforming in more than three KPIs in any one facility, clinical network or stream.
Financial	Health Service is underperforming in at least two KPIs.
Facility Performance	Underperforming in at least three Access KPIs and two Safety and Quality KPIs for two consecutive quarters.
Health Service Performance	<p>A Health Service will be placed on the highest level of performance escalation if it:</p> <ul style="list-style-type: none"> <li>• continues to fail in a single period trigger KPI over a defined period (e.g. six months); or</li> <li>• consistently under performs across financial indicators; or</li> <li>• consistently underperforms for more than one domain other than in the financial domain.</li> </ul>

### 3.5 Levels of Performance Response and Intervention

The level of performance response and intervention dictates the action required by the Health Service and/or the Department. There are four intervention levels as follows:

<b>Level 1: Under Review</b>	The Health Service will be required to provide formal advice on the reasons that led to the performance issue, and whether any action is required and if so the intended action.
<b>Level 2: Underperforming</b>	The Health Service will be required to undertake an in-depth assessment and formally meet with the Department and present options to redress the problem and a detailed recovery plan and timetable for resolution. A schedule of meetings will be set to monitor progress of the recovery plan.
<b>Level 3: Seriously Underperforming</b>	The Department will assign staff to work collaboratively with the Health Service to develop and implement the recovery plan and have the delegated authority to direct Health Service staff as required. A joint task force will be established by the Department to oversee the work and a schedule of meetings will be set to monitor progress.
<b>Level 4: Challenged</b>	<p>The Department will assume control of the recovery plan and may at its discretion:</p> <p>Assign staff independent of the Health Service to take control of the activity/function that is the subject of poor performance.</p> <p>Remove funding from the Health Service and redirect resources to resolve the issue or to engage a third party to provide the service that is subject to performance management.</p> <p>Commission an independent review of Health Service management and governance capability.</p> <p>Review and/or change the role and/or appointment of relevant staff in the Health Service on a temporary or permanent basis, including General Managers, Area Executives and Chief Executives.</p>

As outlined in the section 3.6 , the Department has the discretion to escalate the issue to a higher level, based on its assessment of progress with the recovery plan.

Recovery plans are written plans prepared by the health service and, following review and discussion with the Department, formally approved by the Director-General.

### 3.6 Process for Performance Escalation and De-escalation

The following processes will be undertaken to determine whether the performance of the Health Service warrants escalation/de-escalation:

Each **month** the Department will analyse the relevant information and:

**For Health Services not currently on performance watch:** assess whether a performance review needs to be triggered based on the performance criteria set out in section 3.4 of this document. If a performance review is triggered, the Department will:

1. Formally request the Health Services to respond (Level 1 intervention).
2. Based on the response from the Health Service, determine whether there is an immediate need to escalate the performance review (to Level 2 or 3) and initiate a meeting with the Health Service to consider the proposed recovery plan and then continue to meet with the Health Service to monitor the implementation of the recovery plan.

**For Health Services with an existing performance intervention:** assess whether sufficient progress has been made or whether performance escalation is required to a higher level of intervention.

Each **Quarter** the Department will:

**For Health Services not currently on performance watch:** meet with the Health Service to assess its progress with addressing Strategic Priorities and its performance on those KPIs with a quarterly target.

**For Health Services with an existing performance intervention:** assess whether sufficient progress has been made or whether performance escalation is required to a higher level of intervention.

**The Health Service will:**

Respond to the actions that arise from the above assessment processes.

The requirements for each performance meeting and the roles of the Department and of the Health Service are outlined in section 4.3.2 of this document.

The performance rating of a Health Service and/or the level of intervention can be escalated or de-escalated during the period that the Health Service is on 'performance watch'.

The following summarises the rules that guide a decision to escalate or de-escalate.

**Table 3: Performance escalation levels**

Level of Intervention	Point of Escalation	Point of De-escalation	Response
<p><b><u>Level 1</u></b></p> <p><b>Under review</b></p> <p><b>Assessment and advice</b></p>	Performance issue identified	The issue is satisfactorily resolved.	<p>The Health Service will be required to provide formal advice on:</p> <ul style="list-style-type: none"> <li>• The reasons that led to the performance issue.</li> <li>• Whether any action is required and if so the intended action and timeframe.</li> </ul>
<p><b><u>Level 2</u></b></p> <p><b>Under performing</b></p> <p><b>Recovery Plan required.</b></p>	The Department considers that original performance issue that triggered a Level 1 intervention warrants a formal recovery plan and/or other performance issue(s) emerge warranting Level 2.	The performance issue is resolved and does not re-emerge for at least one more reporting period (month/quarter as appropriate).	<p>The Health Service will be required to:</p> <ul style="list-style-type: none"> <li>• Undertake an in-depth assessment of the problem.</li> <li>• Formally meet with the Department to present: <ul style="list-style-type: none"> <li>• options to redress the problem.</li> <li>• a detailed recovery plan.</li> <li>• a timetable for resolution.</li> </ul> </li> </ul> <p>Progress on the recovery plan will be formally monitored. The time frame for recovery will be as agreed with the Director General. Generally, this time frame will be <b>3 months</b>.</p>
<p><b><u>Level 3</u></b></p> <p><b>Serious underperformance risk</b></p> <p><b>Requires external intervention.</b></p>	<p>The recovery plan is not progressing well and is unlikely to succeed without direct input from the Department.</p> <p>The Director General is formally advised of changed status and an intervention plan established.</p>	The intervention plan has succeeded and the performance issue shows no indication of re-emerging in the ensuing three months.	<p>The Department will:</p> <ul style="list-style-type: none"> <li>• Assign staff to work collaboratively with the Health Service to develop and implement the plan.</li> <li>• Have the delegated authority to direct Health Service staff as required.</li> </ul> <p>A joint task force will be established to oversee the work and progress will be formally monitored over a time frame agreed with the Director-General. Generally this time frame will be <b>6 months</b>.</p>

Level of Intervention	Point of Escalation	Point of De-escalation	Response
<p><b>Level 4</b></p> <p><b>Health Service challenged and failing</b></p> <p><b>Requires independent management</b></p>	<p>The recovery plan has failed and requires direct management by the Department, or by a third party nominated by the Department.</p> <p>While this is the highest escalation point, within this Level, the extent of control that the Department imposes directly or through the use of a third party, could be extended beyond the earlier Level 2 or 3 scope.</p>	<p>The performance issue has improved and there is demonstrable evidence that the Health Service now has the capability to resume control, which may or may not require Departmental assigned personnel to have a residual role.</p>	<p>The Department will assume control of the recovery plan and may at its discretion:</p> <ul style="list-style-type: none"> <li>Assign personnel independent of the Health Service to take control of the activity/function that is the subject of poor performance.</li> <li>Remove funding from the Health Service and redirect resources to resolve the issue or to engage a third party to provide the service that is subject to performance management.</li> <li>Commission an independent review of Health Service management and governance capability.</li> <li>Review and/or change the role and/or appointment of relevant staff in the Health Service on a temporary or permanent basis, including General Managers, Area Executives and Chief Executives.</li> </ul> <p>The SEAB will be advised of the Challenged status of the Health Service and the Director General may impose temporary appointments or initiate action to suspend the Chief Executive.</p> <p>The timing of this intervention by the Director-General will be determined by the nature of the performance issues. Generally, a failure to satisfactorily address the performance issue within <b>9 months</b> of the Health Service having been placed on Level 2 or 3 will trigger this action.</p>

Escalation and de-escalation may not be sequential:

The initial level of intervention and the level of escalation will be based on the seriousness of the performance issue, the likelihood of rapid deterioration and the magnitude of the issue. There may be circumstances where the level of intervention moves directly from Level 1 to Level 4. For example, a Health Service breaches a designated KPI that warrants a Level 1 intervention but which on further assessment, reveals serious misreporting of multiple performance issues that warrants direct and independent intervention by the Department (Level 4).

The rate of de-escalation will be determined by an assessment of the complexity of the underlying issues and of the likelihood that the recovery plan will be sustained. There will always be a period of monitoring following the Health Service returning to an acceptable level of performance before they are taken off performance watch.

The next section of this document outlines the full set of arrangements that govern the activities, roles and responsibilities of both the Department and health services that operationalise this Framework.

## **4 Governing arrangements**

### **4.1 Roles and responsibilities**

#### **4.1.1 The Department**

All Deputy Directors General and their Divisions in the Department will work closely to ensure a co-ordinated approach is taken by the Department under the Framework. The Health System Quality, Performance and Innovation Division (HSQPI) will be responsible for the overall co-ordination of the Department's activities under the Framework. This will be undertaken in consultation with the relevant Division responsible for specific indicators. The Health System Support Division will have primary responsibility for the Financial Performance components of the Framework.

#### **4.1.2 Health Service**

Each Health Service will have in place an effective internal performance assessment framework.

Specifically, each Health Service will:

1. Demonstrate that they have in place comparable frameworks/processes (which map as far as possible to measures included in the Health Service's performance agreement with the Director-General) down to facility and clinical network/stream levels for monitoring performance and identifying and managing emerging performance issues. The Health Service level framework should include as a minimum:
  - Processes to actively monitor the KPIs and progress with Strategic Priorities.
  - Appropriate governance arrangements in place for performance management and improvement that include clearly identified accountabilities and responsibilities.
  - Identification of delegated responsibility at service level for delivery against KPIs.
  - Processes to identify, manage and monitor risks including procedures for reporting risks to the Chief Executive and for reporting extreme risks to the Department (see PD2009\_039 for guidance).
2. Be proactive and promptly report to the Department 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.
3. Establish and maintain a culture of performance improvement within the Health Service by:
  - Promoting the performance management framework at all levels within the Health Service.

- Identifying shortfalls in relation to performance and devising and implementing appropriate support and development arrangements to facilitate long-term and sustainable delivery.
  - Providing relevant managerial staff (administrative and clinical) with training and mentoring in performance management and improvement and the tools to enable them to have an effective performance improvement role.
  - Ensuring that key staff understand their performance responsibilities and the consequences of not effectively executing these responsibilities.
4. Will work collaboratively with the Department to resolve performance issues and adhere to all intervention requirements as determined by the Department.

## **4.2 Coordination and communication within the Department**

Effective performance management requires clear and consistent messages which clarify requirements and expectations for organisations and the individuals working within them. In particular, it is important that health services have absolute clarity on assessment of performance and that any requirements placed upon them are not complicated by inconsistent or contradictory communication.

The HSQPI Division will work with other Divisions and Branches within the Department to ensure clarity, efficiency and effectiveness of performance management through a coordinated and integrated perspective on performance issues reflecting the breadth of priorities. Overall performance management assessment will be coordinated by the Deputy Directors General, supported by the HSQPI Division.

All performance issues that require intervention and/or escalation will be channelled through a single and integrated process within the Department - coordinated by the DDG HSQPI. Other Divisions within the Department will continue to have dialogue with individual Health Services on a range of policy and program matters including discussions on potentially emerging performance issues.

The coordination by the HSQPI includes:

- Liaison with other Branches and Divisions to prepare consolidated performance reports for the Director General and Deputy Directors-General;
- Maintaining records of performance assessment outcomes and recovery plans;
- Issuing formal action plans agreed during performance meetings within 5 business days;
- Liaison with Health Services and other Divisions in the Department that may have an active role in any recovery plan for a health service to ensure that there is a coordinated Departmental wide approach to working with a Health Service during the recovery period.

## **4.3 Monitoring and Reporting**

### **4.3.1 Monitoring and reporting processes**

The standard performance reporting will require periodic submission of information from the Health Service relating to the KPIs and Strategic Priorities activities to the Department.

The data required for the KPIs is accessed from a range of standard data collections whereas information on the Health Service’s progress with Strategic Priorities will be in accordance with the implementation plan for that priority.

The HSQPI Division will be responsible for coordinating the collection of this information and undertaking the performance analysis in conjunction with the relevant Divisions within the Department that have a responsibility for one or more aspects of the performance requirements. The Health System Support Division will have primary responsibility for the Financial Performance components of the Framework.

The Office of the Director General will continue to oversee the reporting of progress on implementation of *Caring Together*.

The monitoring and reporting activities and those responsible for these activities are as follows:

**Table 4: Monitoring and Reporting Activities and Timing**

Monitoring and Reporting Activity	Timing	Responsibility
Provision of information for KPIs.	Variable depending on the individual frequency of collection of individual data collections already in place.	Health Services to ensure information is submitted in accordance with the requirements of each data collection.
Provision of information on implementation of Strategic Priorities.	Variable depending on the each strategic priority.	Health Services to ensure that the information is submitted in accordance with the requirement of the Branch within the Department that is responsible for each strategic priority. The Office of the DG will continue to oversee reporting of implementation of <i>Caring Together</i> .
Analysis and interpretation of KPI data.	Monthly, quarterly or annually (as applies to the individual KPI).	HSQPI in liaison with the Branch responsible for the performance area to which the KPI relates.
		Health Service to undertake its own analysis and interpretation and to forward this to the Department prior to its scheduled meeting.
Performance meetings	Monthly and quarterly depending on whether the Health Service performance is subject to a performance intervention.	HSQPI is responsible for scheduling and organising meetings and documenting agreed outcomes for sign off by relevant executive within the Department and the Health Service.
		The Health Service is responsible for implementing agreed actions and ensuring that there is active monitoring of implementation of agreed actions.
Performance review escalation meetings	As dictated by the performance intervention timeframe.	The Health Service to provide a report on progress with implementation of agreed performance recovery actions; an update of risk in achieving successful outcomes and options to mitigate any identified risks. This report will be submitted 5 business days prior to the scheduled meeting.
		The Department will document agreed actions arising from the meeting and arrange for the appropriate level of support/intervention when further escalation is required.

Monitoring and Reporting Activity	Timing	Responsibility
Annual performance review	Annual	<p data-bbox="769 248 1453 432">Each Health Service will provide the Department with a self assessment of their performance. The Department will then provide its commentary and summary analysis of the Health Service's performance for the year and advice on performance issues that need to be discussed at the annual meeting.</p> <p data-bbox="769 465 1439 584">The Department to provide the Health Service with prior advice on likely changes to performance requirements for the new year at least two weeks prior to the scheduled meeting.</p> <p data-bbox="769 611 1422 730">The Health Service is to prepare a strategy options paper for areas that require performance improvement and to address any new performance requirements foreshadowed by the Department.</p>

### 4.3.2 Reporting to the Minister and Treasury

The Director General will provide the Minister and the Treasury with regular reports on the performances of Health Services and will also advise them when a performance issue is escalated.

## 4.4 Conduct of Performance Meetings

### 4.4.1 Regular performance meetings

Performance meetings will be undertaken either quarterly when there is no performance issue or more frequently when a performance issue has been identified and escalated.

The required representation from the Department and each Health Service will be clearly articulated and will depend on the level of intervention 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 performance domain – additional attendees will be included where attention to specific areas of performance necessitates the involvement of staff with specialist expertise and knowledge. The Senior Executive of the Health Service will be required to take the lead to ensure their personal focus and attention on the performance assessment process. Each performance meeting will have the following core attendees:

**Department attendees:** the Deputy Director Generals HSQPI, HSS and SD and the Chief Financial Officer will attend all meetings. The DDG PH/CHO will attend as required. Other Departmental staff may attend relevant parts of the meeting, depending on the performance issue under discussion. The Department will provide the secretariat for the meetings.

**Health Service attendees:** the Chief Executive Officer and Senior Executives.

To ensure comprehensive, rigorous consistent and fair application of the Performance Management Framework, a standard meeting template will be used by the Department. The template will contain standard presentation of data and contributions by the Health Service of supporting commentary, interpretation and explanation of performance using a standard template.

In addition to analysing current performance this should:

- Flag any potential or emerging performance issues.
- Identify risks affecting future performance.

The process will be underpinned by:

- Common standard agendas for all meetings, varied for specific local performance issues and the Health Service's escalation status.
- An interactive two-way discussion that enables the Health Service to raise additional items of potential concern.
- Proactive management of issues by the Health Service with appropriate support from the Department with the aim of reducing the need for further intervention measures in the context of escalation.
- Clear recording of actions and requirements of both the Health Service and the Department.




#### **4.4.2 Annual Performance Meeting**

The annual performance meeting will be used to:



- undertake an assessment of those KPIs where the information is only available annually;
- conduct the final assessment of the Health Service's performance in relation to Strategic Priorities and performance targets;
- agree upon actions that the Health Service needs to continue with to redress any performance issues that occurred through the year that have yet to be resolved; and
- assess whether any aspect of the performance agreement needs to be modified for the new funding year.

The outcomes of this process will inform Performance Agreements for the following year.

## Appendix A – Key Performance Indicators (KPIs) and Targets

Goal: To keep people healthy							
Indicators	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing 	Underperforming 	Performing 
Adult immunisation – People aged 65 yrs and over immunised against: (%)							
Influenza	S5 F4	Annual			< 70%	≥ 70% and < 80%	Target of 80% met or better
Pneumococcal	S5 F4	Annual			< 50%	≥ 50% and < 60%	Target of 60% met or better
Children fully immunised – At 12 to 15 months (%)							
Aboriginal children	S5 F4	Annual			< 90%	90%	Target of >90% met or better
Non-Aboriginal children	S5 F4	Annual			< 90%	90%	Target of >90% met or better
Families NSW Universal Health Home Visits (%): Families with a new baby offered a visit	F4	Annual			< 60%	> 60% and < 65%	Target of 65% met or better
Antenatal visits – Percentage of confinements where first antenatal visit was before 20 weeks gestation (%):							
Aboriginal women	F1 F4	Annual			Decrease of > 1% points on baseline	No change, or decrease of ≤ 1% points on baseline	≥ Baseline (Baseline = previous year)
Non-Aboriginal women	F1 F4	Annual			Decrease of > 1% points on baseline	No change, or decrease of ≤ 1% points on baseline	≥ Baseline (Baseline = previous year)
Low birth weight babies – Weighing less than 2,500g (%):							
Aboriginal babies	F1 F4	Annual			Increase of > 1% points on baseline	No change, or increase of ≤ 1% points on baseline	< Baseline (Baseline = previous year)
Non-Aboriginal babies	F1 F4	Annual			Increase of > 1% points on baseline	Increase of ≤ 1% points on baseline	≤ Baseline (Baseline = previous year)



## Goal: To keep people healthy

Indicators	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing <b>X</b>	Underperforming 	Performing 
Out-of-Home Care – Children and young persons (under 16) receiving an initial health assessment within 30 days of entering Out-of-Home Care (%)	<b>F4</b>	Annual			< 30%	≥ 30% and < 50%	Target of 50% met or better
Sexual Assault – Indicator TBA							
Ambulatory Care Sensitive Conditions – (age adjusted rate per 100,000 population)	<b>F5</b>	Annual			Increase of > 10% on baseline	Increase of ≤ 10% on baseline	≤ Baseline (Baseline = previous year)
Oral Health – adult patients seen within the Recommended Maximum Waiting Time as identified in the Priority Oral health Program (%)		Quarterly			< 40%	≥ 40% and < 50%	Target of 50% met or better



## Goal: To provide the health care that people need

Indicators	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing X	Underperforming 📉	Performing ✓
Off-Stretcher time < 30 minutes (%)	S1	Monthly (SPT)			< 75%	≥ 75% and < 90%	Target of 90% met or better
Emergency Department triage times – Cases treated within benchmark times (%):Triage 3 (within 30 minutes)	S1	Monthly (SPT)			< 70%	≥ 70% and < 75%	Target of 75% met or better
Emergency Admission Performance - patients transferred to an inpatient bed within 8 hours of arrival in the ED (%)	S1	Monthly (SPT)			< 75%	≥ 75% and < 80%	Target of 80% met or better
Total time in ED for Non admitted Patients - ≤ 3 hours from arrival to departure (%)	S1	Quarterly			< 85%	≥ 85% and < 90%	Target of 90% met or better
Booked surgical patients waiting (number):							
• Category 1 > 30 days	S1	Monthly (SPT)			≥ 1	N/A	Target met (Target=0)
• Category 2 > 90 days	S1	Monthly (SPT)			> 1%	< 1% (number patients waiting on list >90days /Total number of Category 2 on list)	Target met (Target=0)
• All Categories > 365 days	S1	Monthly (SPT)			> 1%	< 1% (number of patients waiting on list >365days /Total number of all patients on list)	Target met (Target=0)
Planned surgery - cancellations on the date of surgery (%)	S1	Quarterly			≥ 5%	≥ 2% and < 5%	Target of <2% met
Theatre Utilisation for Booked Sessions - Time occupied by patients (%)	S1	Quarterly			< 75%	≥ 75% and < 80%	Target of 80% met or better
Relative Stay Index - for selected high volume emergency medical admissions		Quarterly			≥ 1.2	≥ 1.1 and < 1.2	≤ 1.1
Avoidable hospital admissions for selected DRGs - (number)							
• Aboriginal persons	F5	Quarterly			>105% of target	≤ 105 and > 100% of target	Target met or better
• Non-Aboriginal persons	F5	Quarterly			>105% of target	≤ 105 and > 100%	Target met or better




## Goal: To provide the health care that people need

Indicators	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing <b>X</b>	Underperforming 	Performing 
						of target	
Bed days for people over 75 years and Aboriginal people over 45 years (%)	<b>S1</b>	Quarterly			< 8% of baseline	≥ 8% and <10% of less than baseline	Target of 10% less than baseline met or better (Baseline = 2005/06)
Emergency Admission Performance - Mental health patients transferred to an inpatient bed within 8 hours of arrival in the ED (%)	<b>S1</b>	Monthly			< 75%	≥ 75% and < 80%	Target of 80% met or better
Mental Health Patients staying in ED > 24 hours (number)	<b>S1 F3</b>	Monthly (SPT)			> 5	≤ 5	Target met (Target=0)
Community follow up within seven days of Mental Health discharge from acute facilities (%)	<b>S1 F3</b>	Annual			< 50%	≥ 50% and < 70%	Target of 70% met or better
Mental health ambulatory contacts (number '000)	<b>S1 F3</b>	Annual			> 10% less than target	≤ 10% less than target	Target met or better
Out of hospital treatment: CAPAC (Number)	<b>S1</b>	Monthly			> 5% less than target	≤ 5% less than target	Target met or better

## Goal: To deliver high quality health services

Indicators	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing <b>X</b>	Underperforming 	Performing 
Unplanned and unexpected hospital readmissions within 28 days of separation – all admissions (%)	<b>S1</b>	Monthly			> 0.5% points increase on baseline	≤ 0.5% points increase on baseline	Decrease on baseline
Re-Presentations to same ED within 48 hours (%)	<b>S1</b>	Monthly			> 0.5% points increase on baseline	≤ 0.5% points increase on baseline	Decrease on baseline
Wrong patient, site, surgical procedure in operating suite - (rate per 10,000 bed days)	<b>S1</b>	Monthly (SPT)			> 1	N/A	0
ICU Central Line Associated Bloodstream (CLAB) Infections – (per 1,000 catheter line days)	<b>S1</b>	Monthly (SPT)			> 7	> 5 and ≤ 7	≤ 5
Staphylococcus aureus bloodstream infections (SA-BSI) (per 10,000 bed days)	<b>S1</b>	Monthly (SPT)			> 3	> 2 and ≤ 3	≤ 2
Root Cause Analysis – completed in 70 days (%)		Quarterly			< 80%	≥ 80% and < 90%	Target of 90% met or better
Complaints Management – Complaints resolved within 35 days (%)		Quarterly			< 70%	≥ 70% and < 80%	Target of 80% met or better
Mental Health acute adult readmission within 28 days (%)	<b>S1 F3</b>	Annual			15% >	> 10% and ≤ 15%	Target of 10% met or better
Patient Experience Survey following treatment: Overall care received (good, very good, excellent)							
• Aboriginal and Torres Strait Islander	<b>S1 S8</b>	Annual			< 88%	≥ 88% and < 90%	Target of 90% met or better
• Overall	<b>S1 S8</b>	Annual			< 88%	≥ 88% and < 90%	Target of 90% met or better

## Goal: To manage health services well

Indicators - Variances against targets	State Plan Priority	Frequency and whether Single Period Trigger (SPT) KPI	Baseline	Target	Threshold		
					Not Performing 	Underperforming 	Performing 
Expenditure matched to budget							
a) Year to date - General Fund		Monthly (SPT)			≥ 2.0% Unfavourable	≥ 0.5% but < 2.0% Unfavourable	Favourable or < 0.5% Unfavourable
b) June projection - General Fund		Monthly (SPT)			≥ 1.0% Unfavourable	< 1.0% Unfavourable	On budget or Favourable
Revenue Matched to budget							
a) Year to date - General Fund		Monthly (SPT)			≥ 2.0% Unfavourable	≥ 0.5% but < 2.0% Unfavourable	Favourable or < 0.5% Unfavourable
b) June projection - General Fund		Monthly (SPT)			≥ 1.0% Unfavourable	< 1.0% Unfavourable	On budget or Favourable
Recurrent Trade Creditors (\$) > 45 days as a mean of rolling prior 12 months G&S Expenditure (excluding VMOs)		Monthly (SPT)			≥ 10%	≥ 5% but < 10%	< 5%
Patient Fee Debtors (\$) > 45 days as a mean of rolling prior 12 months Patient Fee Revenues		Monthly (SPT)			≥ 10%	≥ 5% but < 10%	< 5%
Case weighted acute separations							
a) Volume to date - proportion of target		Quarterly (SPT)			≤ 98% of Target	> 98% but < 100% of target	Target met
b) Cost to date - distance to Budget		Quarterly			≥ 10% of State price	< 10% greater than State price	≤ State price
Workplace injuries		Annual			≥ 1% point above target	< 1% point greater than target	Target met or better
Sick leave – Average (Paid hours per FTE)		Annual			Target not met, and greater than previous year	Target not met, but less than previous year	Target met or better

Note: **SPT = Single Period Trigger KPI** - for which escalation will be triggered when performance is in the red zone for one period (month or quarter depending on the nominated assessment period for that KPI), or in the amber zone for consecutive periods. Escalation for the other KPIs is triggered when performance is in the amber and/or red zone for multiple periods.

## Appendix B – Strategic Priorities for 2009/10

The following Strategic Priorities apply to all Area Health Services and, where relevant, to The Children's Hospital at Westmead, Justice Health Service and the Ambulance Service.

Health Services will provide individual priorities, under each Goal, as part of Annual Performance Agreements.

<b>GOAL 1: TO KEEP PEOPLE HEALTHY</b>
<ul style="list-style-type: none"><li>• <b>Population health</b> - progression of priorities particularly targeting; risk drinking; smoking; overweight/obesity; physical activity; nutrition; fall injuries (over 65 years); vaccine preventable disease notifications in children and; potentially avoidable deaths.</li><li>• <b>Pandemic planning and readiness</b> – particularly for influenza.</li><li>• <b>Aboriginal Health strategies</b> – progression of Closing the Gap on Indigenous Health the Health Performance Framework for Aboriginal Health, Two Ways Together, Smoke Check, Aboriginal Maternal and Infant Health Strategy, Aboriginal Health Impact Statement.</li></ul>
<b>GOAL 2: TO PROVIDE THE HEALTH CARE PEOPLE NEED</b>
<ul style="list-style-type: none"><li>• <b>Chronic disease</b> – development and implementation of integrated strategies for people with chronic disease.</li><li>• <b>Mental Health</b> - progression of New Direction in Mental Health Services and Mental Health Clinical Care and Prevention model.</li><li>• <b>Realigning community health services to integrated Primary Health Care:</b> Implementation of a streamed approach to Primary Health Care in existing community health services as outlined in the Departmental response to the Community Health Review, identification of the resource base (financial and staff) for each of the streams, capital asset planning for integrated primary health care services by 2015 ("health hubs" and HealthOne) with plan to be completed by December 2010.</li><li>• <b>Developing appropriate clinical service networks and plans:</b> Emergency Department, critical care, acute and sub-acute care, and "primary care" centres; within the context of the review of the Area Healthcare Services Plan (AHCP).</li></ul>
<b>GOAL 3: TO DELIVER HIGH QUALITY HEALTH SERVICES</b>
<ul style="list-style-type: none"><li>• <b>Caring Together - The Health Action Plan for NSW</b> – implementation of Government response to the Special Commission of Inquiry.</li><li>• <b>Between the Flags program</b> - implementation, to recognise the deteriorating patient in the acute setting and initiate appropriate and timely interventions.</li><li>• <b>Keeping Them Safe (Wood Royal Commission)</b> – implementation of recommendations.</li><li>• <b>Clinical Variation</b> – identifies and manages clinical variations to improve quality and safety.</li></ul>

#### **GOAL 4: TO MANAGE HEALTH SERVICES WELL**

- **National Health Care Agreement commitments** – implementation of approaches within the National Partnership Agreement.
- **Performance Management Framework (PMF)** – embedding *within* Health Services to hospitals, clinical streams and networks.
- **Information and Communications Technology (ICT) program** – implementation.
- **Workforce Action Plan** – progression of the Plan to build a sustainable health workforce.
- **Best Practice Financial Management** – Including implementation of NSW Health Financial Management Framework.
- **Episode (Casemix) Based Funding** - implementation.