

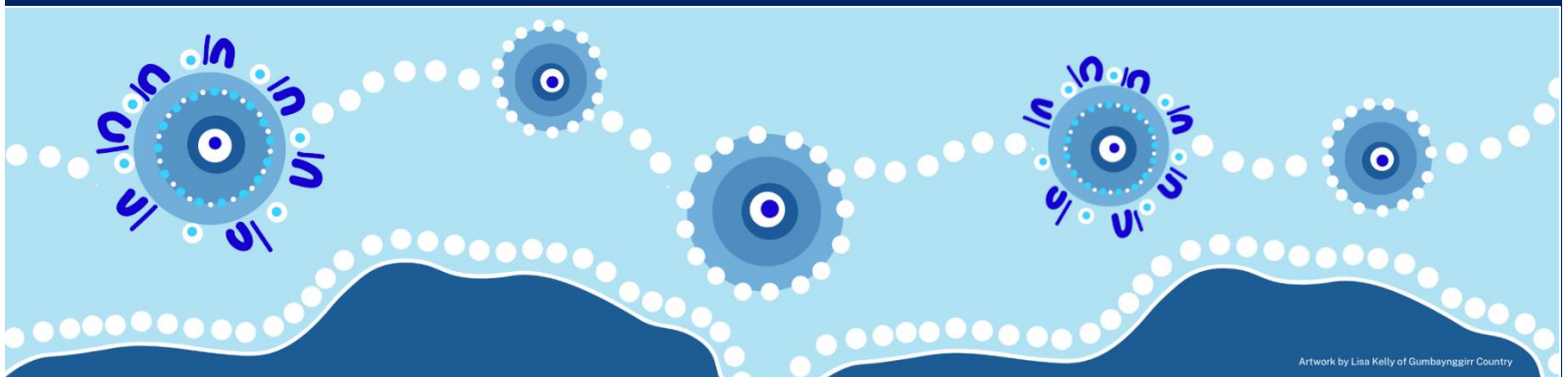


MNC-FRA-XXX-24

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# Organisational Performance Framework

## Mid North Coast Local Health District



Artwork by Lisa Kelly of Gumbaynggirr Country

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# Organisational Performance Framework Approval

Mid North Coast Local Health District's (MNCLHD) Organisational Performance Framework combines responsibilities and accountability for the monitoring of organisational performance across MNCLHD.

This Framework has been endorsed by MNCLHD **Governing Board**

Signed: ..... Date: **XX** 2024  
Stewart Dowrick  
**Chief Executive**

Signed: ..... Date: **XX** 2024  
Peter Treseder  
**Governing Board Chair**

# 1. Introduction

The NSW Ministry of Health (Ministry) requires local health districts (LHDs) to have an effective internal performance framework for monitoring organisational performance and identifying and managing emerging performance issues.

MNCLHD's Organisational Performance Framework (the Framework) aims to:

- Align performance to organisational objectives
- Monitor and support desired performance
- Identify and manage emerging performance issues.

The Framework is based on aligning performance and cascading priorities, including:

- NSW Health Future Health Strategy
- Ministry directives and targets
- MNCLHD strategic objectives and operational priorities
- Site/service targets
- Team and individual goals
- Legislative and accreditation requirements to ensure accountability.

The Framework provides the structure for the following processes and tools to articulate, monitor and support performance:

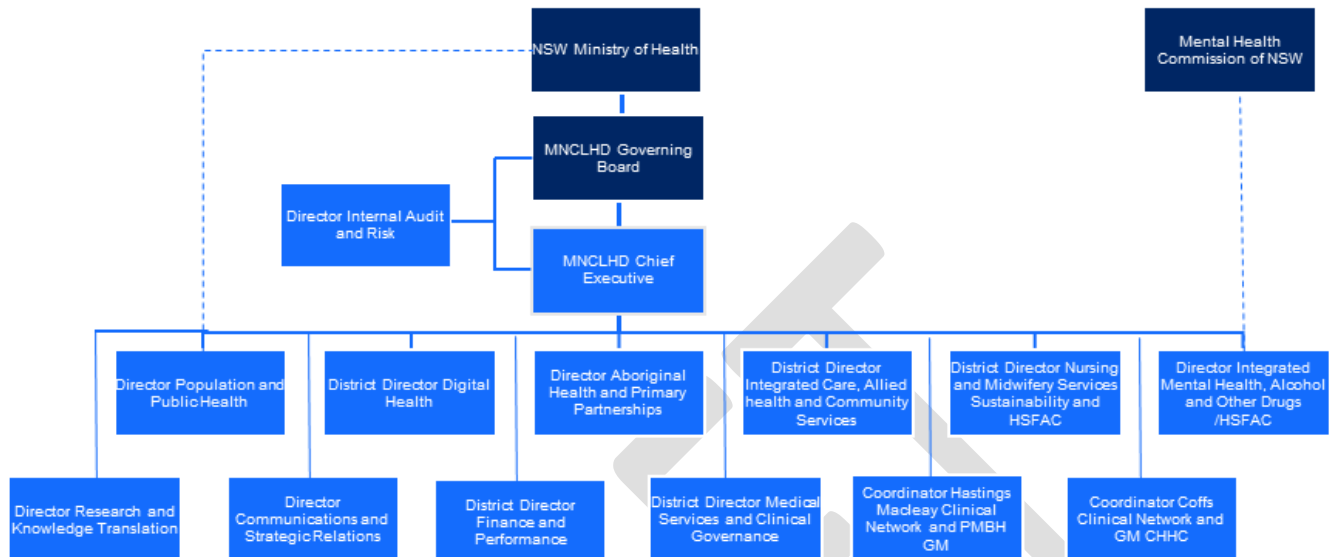
- Service Agreement and KPI reporting
- Budget allocation and reporting
- Financial Sustainability Program monitoring
- Operational plan actions and reporting
- Monthly accountability meetings

The Framework is structured to monitor and support performance at the following levels:

- Organisation
- Directorate
- Site/Service
- Unit/Team
- Individual.

## 1.1 MNCLHD's organisation structure

This diagram illustrates the organisational structure of MNCLHD's Leadership Team which is comprised of the Chief Executive and 13 Directors and General Managers.



## 1.2 Organisation accountability

The Framework sets out the way in which MNCLHD will monitor, assess and respond to the organisational performance of Directorates, sites and services. It is underpinned by a performance and accountability philosophy, designed to improve patient outcomes and the experience of patients and staff.

The philosophy aims to provide staff with the tools and techniques to deliver a planned, consistent and disciplined approach to conducting business and caring for patients - ultimately improving patient safety and outcomes and focusing on connecting staff to the organisation's purpose to deliver safe, effective, sustainable services that protect and improve the health and wellbeing of our Mid North Coast community.

The Framework outlines the arrangements for the establishment and devolution of performance and accountability requirements, reporting and monitoring performance, and the processes for escalation and intervention to support underperforming areas and to acknowledge areas that are performing well.

It is intended to support and drive a high performing culture that is empowered to support continuous improvement by providing managers with clear tools and understanding of their respective roles and accountabilities and how they contribute to achieving MNCLHD's overarching strategic direction.

By setting consistent practices and systems for managing organisational performance, the following benefits are expected:

- The strategic direction and priorities of MNCLHD are easily understood by all stakeholders and that priority, resources and effort are aligned to achieving this direction.
- Clarity of purpose across all Directorates, ensuring that individuals are aware of how they contribute to achieving MNCLHD's overall strategic direction.
- Significant risks are identified and managed.
- Early warning and rectification of deteriorating operational and financial performance.
- A strong evidence base for improved decision making and the efficient use of resources.
- A culture of respect and empowerment to enable teams to work collaboratively and develop and



action joint solutions.

- A culture of achievement, fostering on time and on budget quality outcomes in the organisation.
- Established systems to ensure all staff can identify direct connection between effort and organisations outcomes.
- A culture of accountability with clear line of sight to organisational goals.
- Strategic management of financial and budgetary compliance and governance responsibilities within the organisation.
- Reinforcement of CORE Values of Collaboration, Openness, Respect and Empowerment.
- Recognition and acknowledgment of organisational achievements and contributions to delivering high quality, value based, patient centred care.

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## 2. Purpose and scope

The Framework provides an integrated process for organisational performance review and assessment, providing a transparent approach to defining expectations, monitoring performance, responding to underperformance, and recognising superior performance. It provides Directorates with a clear understanding of the responses to performance and the process of escalation where performance concerns arise. The Framework acknowledges some influences are outside the control of Directorates such as changes in Government policy and legislation may affect performance and considers such factors in assessing this.

When addressing performance challenges, the Chief Executive works with Directorates to manage and build capacity and sustainability and reduce challenges and future risks. This approach is to promote a collaborative relationship between the Chief Executive, Directors and Senior Leaders working together to maintain effective performance.

While this Framework relates to organisational performance management, there are critical synergies between organisational and individual performance development. Individual employee performance is aligned to organisational performance through MNCLHD's purpose and values and achievement of the overarching strategic direction.

A focus on individual performance development is important to MNCLHD for many reasons. Achievement of MNCLHD's strategic direction relies on recruiting and developing the capability needed for the work required, including new knowledge and skills to adapt to change; development of a performance culture which engages individuals and teams with core business and priorities; retaining competent workforce; and planning to meet future workforce needs. Effective performance development is key to all these processes and underpins the achievement of planned health outcomes for individuals and the community.

### 2.1 Organisational priorities

Underpinning the Framework is a model aimed at aligning performance to organisational objectives. As shown in the model, the achievement of organisational priorities is directly related to how effective MNCLHD is in:

- Cascading its strategic and operational priorities to the front line of the organisation where the work is to be done.
- Empowering its employees to perform to the best of their ability.
- Fostering and sustaining collective effort towards strategic and operational priorities.

Organising a large workforce to achieve a common set of goals is not without challenge. The Framework is deliberate in its simplicity to accommodate MNCLHD's complexity and is supported by a range of practical tools and techniques.

## 3. Legislation and Ministry of Health roles

The [Health Services Act 1997](#) (the Act) provides a legislative framework for the public health system,

## Mid North Coast Local Health District



including setting out purposes and/or functions in relation to local health districts (ss 8, 9, 10).

The Act establishes the NSW public health system as comprising:

- local health districts
- statutory health corporations, including board, chief executive and network governed statutory health corporations
- affiliated health organisations (with respect to their recognised services)
- the NSW Health Secretary, with respect to ambulance services and other services to support the public health system.

Local health districts, statutory health corporations, and affiliated health organisations (with respect to their recognised services) are referred to collectively under the Act as public health organisations.

### 3.1 Minister for Health and Minister for Regional Health

The Minister for Health is the Health Cluster Minister (the Health Minister) and has power and functions relating to the public health system under a number of Health acts, including the *Health Administration Act 1982*, *Health Services Act 1997* (the Act) and *Public Health Act 1991*.

The Minister for Regional Health has joint administration for all acts listed for the Minister for Health.

Under the Act, the Health Minister's role includes:

- appointing the chairs and members of local health district, specialty network and statutory health corporation boards
- determining the amounts of monies to be paid from consolidated funds to public health organisations
- fixing scales of fees for hospital services and other health services that are received from public health organisations
- determining additional functions for statutory health corporations.

The Minister for Health also has powers and functions under the *Health Administration Act 1982*. These include:

- formulating general policies for the purpose of promoting, protecting, developing, maintaining and improving the health and wellbeing of the people of NSW
- providing, operating and maintaining health services, as well as, where necessary, improving and extending services
- arranging for the construction of any buildings or works necessary for, or in connection with, health services.

### 3.2 Secretary, NSW Health

The NSW Health Secretary has a range of powers and functions under the *Health Administration Act 1982*, the *Health Services Act 1997* and other legislation such as the *Public Health Act 1991* and the *Government Sector Employment Act 2013*.

Under the *Health Administration Act 1982*, the Secretary's powers and functions include:

- to initiate, promote, commission, and undertake surveys and investigations into the health needs of the people of NSW and the resources of the state available to meet those needs



- the methods by which those needs should be met
- to inquire into the nature, extent and standards of the health services, facilities and personnel required to meet the health needs of the people of NSW and to determine the cost of meeting those needs
- to plan the provision of comprehensive, balanced and coordinated health services throughout NSW
- to formulate the programs and methods by which the health needs of the people of NSW may be met
- to undertake, promote and encourage research in relation to any health service
- to promote and facilitate the provision of the professional, technical, or other education or training of anyone employed or to be employed in the provision of any health service.

Under the *Health Services Act 1997* the Secretary's functions and powers include:

- facilitating the achievement and maintenance of adequate standards of care
- facilitating the efficient and economic operation of the public health system
- providing governance, oversight and control of the public health system
- making recommendations to the Minister as to monies to be paid to public health organisations out of consolidated funds
- entering into performance agreements with public health organisations and setting performance targets and reporting requirements
- inquiring into the administration, management and services of public health organisations
- providing services to support the public health system and enable the coordinated provision of health services across the state
- giving directions to local health districts and statutory health corporations to ensure they meet their statutory and financial obligations
- being the employer of staff in the NSW Health Service and Health Executive Service.

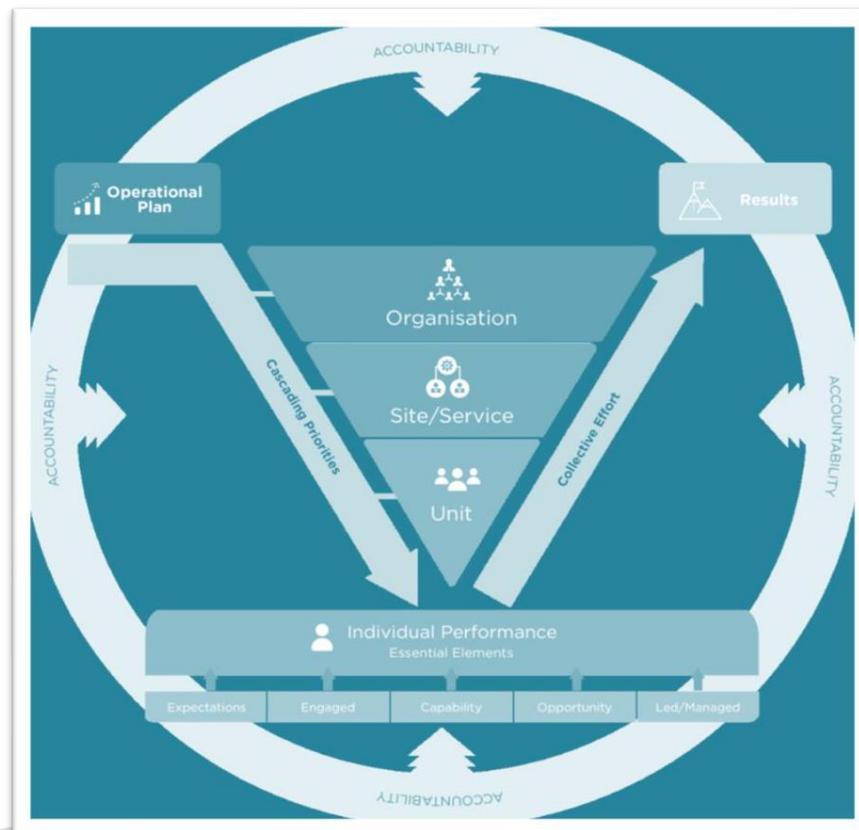
### 3.3 The Ministry of Health

The Ministry supports the executive and statutory roles of the Health Cluster and Portfolio Ministers. It undertakes regulatory functions, public health functions (disease surveillance, control and prevention) and public health system manager functions in statewide planning, purchasing and performance monitoring and support of health services.

The Ministry also has the role of 'system manager' in relation to the NSW public health system, which operates more than 220 public hospitals, as well as providing community health and other public health services for the NSW community through a network of local health districts, specialty networks and non-government affiliated health organisations known collectively as NSW Health.

### 3.4 NSW Health system governance

MNCLHD must ensure that all applicable duties, obligations and accountabilities are understood and complied with, and that services are provided in a manner consistent with all NSW Health policies, procedures, plans, circulars, inter-agency agreements, Ministerial directives and other instruments and statutory obligations.



### 3.5 Clinical governance

NSW public health services are accredited against the *National Safety and Quality Health Service Standards* across a range of settings including acute, primary and community.

The *Australian Safety and Quality Framework for Health Care* provides a set of guiding principles that can assist health services with their clinical governance obligations. The NSW Patient Safety and Clinical Quality Program provides an important framework for improvements to clinical quality.

### 3.6 Corporate governance

MNCLHD must ensure services are delivered in a manner consistent with the *2023 Corporate Governance and Accountability Compendium for NSW Health* (the Compendium) seven corporate governance standards.

Where applicable, the organisation is to:

- Provide required reports in accordance with timeframes advised by the Ministry.
- Review and update the NSW Health *Delegations of Authority* (PD2012\_059) to ensure currency.
- Ensure recommendations of the NSW Auditor-General, the Public Accounts Committee and the NSW Ombudsman, where accepted by NSW Health, are actioned in a timely and effective manner, and that repeat audit issues are avoided.



### 3.7 Procurement governance

MNCLHD operates under the [NSW Health Goods and Services Procurement Policy Directive](#) (PD2023\_028). This policy directive details the requirements for all staff undertaking procurement or disposal of goods and services on behalf of NSW Health. NSW Government agencies must apply the [Aboriginal Procurement Policy](#) to all relevant procurement activities.

### 3.8 NSW Performance Framework

Service Agreements are a central component of the [NSW Health Performance Framework](#), which documents how the Ministry monitors and assesses the performance of public sector health services to achieve expected service levels, financial performance, governance and other requirements.

The performance of a health service is assessed on whether the organisation is meeting the strategic objectives for NSW Health and government, the Premier's Priorities, and performance against KPIs. The availability and implementation of governance structures and processes, and whether there has been a significant critical incident or sentinel event also influences the assessment.

The Framework sets out responses to performance concerns and management processes that support the achievement of outcomes in accordance with NSW Health and government policies and priorities. Performance concerns will be raised for focused discussion at performance monitoring meetings in line with the [NSW Health Performance Framework](#).

### 3.9 Organisational plans

MNCLHD has developed the following plans with Board oversight:

- [MNCLHD Strategic Plan 2022-2032](#)
- [Safety and Quality Account 2022-2023](#)
- [Clinical Services Plan 2018-2022](#) (Healthcare Services Plan update in development)
- Workforce Plan (currently in development - PAC)
- Corporate Governance Plan (endorsed by Board in Feb 2024)
- Strategic Asset Management Plan

### 3.10 MNCLHD priorities

Each year the selection of annual priorities is informed by Commonwealth, State and MNCLHD directions, and by performance against our Service Agreement with NSW Health, its overarching Performance Framework and other important performance measures.

The priorities provide a mechanism for MNCLHD's fundamental strategic issues to be considered at a more detailed level within our annual operational plans. The annual priorities, and key priority actions are cascaded directly into the operational plans of each Directorate and provide staff with a clear direction of what is important and where time and efforts should be invested. It is important to note that the annual priorities nor the priority actions identify all activities being undertaken within MNCLHD. The priority actions are designed to draw out new areas of focus or projects that will directly contribute to the achievement of our annual priorities.

Accountability for each priority action has been allocated to a lead Directorate, will be built into each Directorate and Operational Unit's Service Performance Agreements and monitored through Monthly Accountability Meetings (MAMs) and where applicable, Quarterly Performance Meetings.

## 4. Roles and responsibilities

MNCLHD Board is required to ensure effective clinical and corporate governance frameworks are established, and to provide strategic oversight of and monitor MNCLHD's overall quality, financial and operational performance in accordance with the Framework.

### 4.1 Role of the Board

The role of the Board is focused on leading, directing and monitoring the activities of the local health district and specialty network and driving overall performance.

The Board has specific statutory functions, outlined in section 28 of the *Health Services Act 1997*. Those functions are:

- to ensure effective clinical and corporate governance frameworks are established to support the maintenance and improvement of standards of patient care and services by the local health district and to approve those frameworks
- to approve systems to:
  - support the efficient and economic operation of MNCLHD
  - ensure MNCLHD manages its budget to ensure performance targets are met
  - ensure that district resources are applied equitably to meet the needs of the community served by the district
- to ensure strategic plans to guide the delivery of services are developed for the local health district and to approve those plans
- to provide strategic oversight of and monitor the local health district's financial and operational performance in accordance with the statewide performance framework against the measures in the performance agreement for the district
- to appoint and exercise employer functions in relation to MNCLHD Chief Executive
- to ensure that the number of NSW Health senior executives employed to enable the local health district to exercise its functions, and the remuneration paid to those executives, is consistent with any direction by the NSW Health Secretary or condition referred to in section 122(2)
- to confer with MNCLHD Chief Executive about the operational performance targets and measures to be negotiated in MNCLHD Service Agreement under the [National Health Reform Agreement \(NHRA\)](#)
- to approve the service agreement for the local health district under the NHRA
- to seek the views of providers and consumers of health services and of other members of the community served by the local health district, as to the district's policies, plans and initiatives for the provision of health services, and to confer with the Chief Executive of the district on how to support, encourage and facilitate community and clinician involvement in MNCLHD planning
- to advise providers and consumers of health services, and other members of the community served by the local health district, on MNCLHD's policies, plans and initiatives for the provision of health services
- to endorse MNCLHD's Annual Report

## Mid North Coast Local Health District



- to liaise with the boards of other local health districts and specialty network governed health corporations in relation to both local and statewide initiatives for the provision of health services
- such other functions conferred or imposed by the regulations.

These functions are in the nature of governance oversight, not a day-to-day management and operational role.

### 4.2 Board sub-committees

Model By-Laws for MNCLHD were established to provide effective oversight of clinical and corporate responsibilities. They provide for several functional and advisory committees including:

- Health Care Quality Committee of the Board
- Medical Staff Councils and Medical Staff Executive Councils
- Hospital Clinical Councils and/or Joint Hospital Clinical Councils
- MNCLHD Clinical Council.

MNCLHD's Board also established additional sub-committees:

- Close the Gap
- Local Health Advisory
- People and Culture
- Sustainable Healthcare.

### 4.3 Chief Executive

MNCLHD Chief Executive is employed in the Health Executive Service (part of the NSW Health Service) by the Board with the concurrence of the NSW Health Secretary, under section 116 of the *Health Services Act 1997* on behalf of the NSW Government.

The role of the Chief Executive is set out in section 24 of the *Health Services Act 1997*. The Chief Executive manages and controls the affairs of MNCLHD. The Chief Executive can commit MNCLHD contractually and legally and is the employer delegate for all staff working in the organisation. The Chief Executive is, in the exercise of their functions, accountable to the Board.

A key function of the Chief Executive under this Framework is to work collaboratively with each Directorate to support and assist them to provide world-class health care. At all levels through the Framework and in ongoing communications concerning performance the primary focus of the Chief Executive is to support the Directorate to maintain, improve or restore performance to agreed standards. The Chief Executive will work closely to ensure a coordinated approach is taken under the Framework.

### 4.4 Directors

Each Director is to have an effective process in place for monitoring performance and identifying and managing emerging performance issues for their Directorate. This will be monitored via the MAM with their direct reports (General Managers/Service Managers).

Each Director will report any performance issues, including immediate actions taken to the Chief Executive via their MAM with the Chief Executive.

Directors will report their Directorate's progress against the Budget Allocation Letter via the Quarterly Organisational Performance Review Meeting with the Chief Executive.

#### 4.5 General Managers/Service Directors and Managers

Each General Manager or Service Director/Manager is to have an effective process in place for monitoring performance and identifying and managing emerging performance issues for their facilities/services. This should be facilitated by the local MAM with their direct reports.

General Managers/Service Managers will report any performance issues, including immediate actions taken to their Executive/MNCLHD Director via their MAM with their Executive/MNCLHD Director.

General Managers will report their progress against the Service Performance Agreement via the Quarterly Performance Review Meeting with the Chief Executive, District Director Medical Services and Clinical Governance, District Director Finance and Performance and District Director of Workforce and Culture.

Managers are to:

- Identify and monitor KPIs
- Make management decisions that are informed by data
- Develop annual operational plans that aligned with strategic priorities and key performance measures for MNCLHD.
- Plan to ensure that all relevant audits or reviews are scheduled and undertaken throughout the year
- Act on information gained from audits or review of KPIs and data
- Work with our teams to ensure that required standards are met and that we are always striving for excellence every day
- Meet set timeframes for work and escalate concerns if timeframes cannot be met
- Identify opportunities to drive innovation and excellence through consultation, networking and collaboration
- Plan for the future
- Share concerns with our line manager
- Escalate issues in a timely manner

#### 4.6 District Medical Services and Clinical Governance Directorate

The Directorate provides support to all other Directorates and services to ensure the delivery of safe, effective, and high-quality medical care. Moreover, it plays a multifaceted role in overseeing medical services, enhancing clinical excellence, and nurturing a culture of continuous improvement within healthcare. This includes improving safety and quality systems and providing real-time clinical and business information.

#### 4.7 Research and Knowledge Translation Directorate

The Directorate supports all other Directorates and services to ensure research is designed for impact and outcome, to build research literacy, capabilities, and capacity, ensure consumer and community engagement in research, develop purposeful partnerships and collaborations, facilitate a culture of research & knowledge translation to inform high quality evidence-based health care.

#### 4.8 Finance and Performance Directorate

The Finance and Performance Directorate will support Directorates to improve expenditure and revenue performance through ongoing partnering, analysis and insights. The Directorate is responsible for developing MNCLHD and Directorate budgets and monitoring and advising on performance.

The Directorate has a key role in reporting and monitoring performance and identifying key issues, events or trends that could indicate a performance risk.

Further the Directorate develops purchased volume NWAU targets with Operations Directorate Hospitals and Services and monitors performance. The Performance and Analytics team has a key role in supporting Directorates in the provision of performance scorecards, of analysis and interpretation of data to monitor performance. An effective and high-quality service can only be provided when people work together towards a common goal as part of a team.

The Finance and Performance team has a key role in monitoring the performance of the Directorates and identifying key issues or trends that could indicate financial risk and assisting in the development of Recovery Plans to monitor and measure recovery strategies.

#### 4.9 Role of People and Culture Directorate

The People and Culture Directorate's key purpose is to enable and support the organisation in building capability through its people, to ensure resources are fit for purpose for today and the future. The disciplines within the Directorate include culture change, performance management, workforce planning, talent management, organisation development and design, organisation change management, staff engagement, employment relations and safety.

The philosophy of this Framework is underpinned by the Strategic Plan. The plan is intended to drive a performance culture empowered to support continuous improvement by providing tools and understanding of roles and accountabilities and clarity on how people contribute to achieving MNCLHDs strategic direction. People and Culture staff collaborate with and between other Directorate staff with the specific objective of achieving organisation success through people. The Directorate staff utilise knowledge of the organisation and health industry and their discipline expertise to collaborate with various stakeholders to determine people challenges, issues, impacts and requirements to deliver sustainable health outcomes.

The degree and pace of change is placing increasing pressures upon the organisation's capacity and capability to consistently and effectively deliver health outcomes. Capability and capacity pressures extend particularly to people, process and systems and the Directorate staff are focused upon better understanding and optimisation of resources and capabilities through a holistic and integrated people approach.

#### 4.10 Role of the Director Nursing and Midwifery, Sustainable Healthcare

The Director Nursing and Midwifery, Sustainable Healthcare has a key role in supporting Directorates with the implementation of sustainable healthcare projects involving cost savings, efficiency, productivity and revenue improvement.

## 5. The Framework



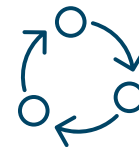
The central elements of the Framework in practice are:



*Set targets*



*Assessing performance*



*Monitoring progress*

| Service Performance Agreement  | Performance Review   | Monthly Accountability Meetings (MAMs)   |
|--|--|--|
| Annually   | Quarterly – Monthly  | Monthly- Fortnightly   |
| <ul style="list-style-type: none"> <li>Expenditure and revenue budget allocations</li> <li>FTE targets</li> <li>KPIs comprising quality, safety, access, activity, financial targets and measures</li> <li>Performance deliverables</li> <li>Financial Sustainability Program targets</li> <li>National Weighted Activity Unit (NWAU) targets by service area</li> </ul> | Assessment against Service Performance Agreement<br><br><b>0- Performing</b><br><br><b>1- Under Review</b><br><br><b>2- Under Performing</b><br><br><b>3- Not Performing</b> | Review operational indicators and KPIs<br><br>Discuss mitigation strategies to address areas of underperformance<br><br>Monitor progress of mitigation strategies<br><br>Address barriers and enablers to deliver on performance agreement |

### 5.1 Service Performance Agreement

Directorates will be required to meet the performance requirements as set out in the annual Service Performance Agreements from the Chief Executive. This includes where relevant:

- Expenditure and revenue budget allocations
- KPIs comprising quality, safety, access, activity, financial targets and measures
- Performance deliverables
- Financial Sustainability Program targets
- National Weighted Activity Unit (NWAU) targets by service area
- FTE targets

Directors should convey the Performance expectations to their direct reports and senior managers, setting clear targets and deliverables.





## 5.2 Performance Review

A Performance Review will be undertaken to assess the Directorate/ Service against the performance requirements outlined in the Service Performance Agreement to determine whether it is Performing, Under Review, Under Performing or Not Performing and whether escalation or de-escalation is required.

Assessment will be made by the Chief Executive with advice from the District Director Medical Services and Clinical Governance, Director Finance and Performance, Director Research and Knowledge Translation, District Director Nursing and Midwifery Services and Director People and Culture.

## 5.3 Performance progress and monitoring

Performance against the Service Performance Agreements will be monitored and reviewed as part of the Monthly Accountability Meetings (MAMs) with the Chief Executive and other Directors as invited by the Chief Executive.

Additional fortnightly accountability monitoring may be initiated based on the overall district performance rating.

## 5.4 Annual budget development

Forward planning will be undertaken which will include identifying key service delivery priorities, performance risks and emerging pressures for the following year to inform future Service Performance Agreements.

## 6. Service Performance Agreements

All Directorates will obtain a budget allocation letter or Service Performance Agreement with relevant expenditure and revenue allocations KPIs, performance deliverables, financial sustainability program and FTE targets signed by the Chief Executive.

Directorates are required to meet the performance requirements as set out in the Service Performance Agreement and attachments, specifically:

### A. Strategic priorities

Successfully develop and implement an annual Operational Plan that addresses the key focus areas of MNCLHD Strategic Plan relevant to the Directorate or Health Service.

### B. NSW Health services and networks

Where applicable, ensure effective contribution to the operation of state-wide and local networks of retrieval, specialty service transfer and cross MNCLHD networked specialty clinical services.

### C. Budget

Independently achieve expense and own sources revenue budgets cascading the same performance and tolerance bands set by the Ministry for MNCLHD.

| Measure   | Target                  | Not Performing<br>x | Under performing<br>⚠     | Performing<br>✓         |
|---|-------------------------|---------------------|---------------------------|-------------------------|
| Expenditure matched to budget – general fund – variance (%)         | On budget or favourable | >0.5% unfavourable  | >0 and ≤0.5% unfavourable | On budget or favourable |
| Own sourced revenue matched to budget – general fund – variance (%) |                         |                     |                           |                         |

### D. Purchased volumes

Where applicable, meet purchased NWAU activity targets cascading the same tolerance bands set by the Ministry for MNCLHD.

| Measure  | Target                           | Not Performing<br>x | Under performing<br>⚠    | Performing<br>✓ |
|--|----------------------------------|---------------------|--------------------------|-----------------|
| <b>Outcome 4 indicator</b><br>Acute admitted (NWAU)                  | Individual see purchased volumes | > +/-2.0%           | > +/-1.0% and ≤ +/- 2.0% | ≤ +/- 1.0%      |
| <b>Outcome 3 indicator</b><br>Emergency department (NWAU)            |                                  |                     |                          |                 |
| <b>Outcome 2 indicator</b><br>Non-admitted patients (NWAU)           |                                  |                     |                          |                 |
| <b>Outcome 4 indicator</b><br>Sub non-acute services Admitted (NWAU) |                                  |                     |                          |                 |
| <b>Outcome 4 indicator</b><br>Mental health Admitted (NWAU)          |                                  |                     |                          |                 |
| <b>Outcome 4 indicator</b>   |                                  |                     |                          |                 |

| Measure  | Target | Not Performing<br>x | Under performing<br>⚠ | Performing<br>✓ |
|--|--------|---------------------|-----------------------|-----------------|
| Mental health Non-admitted (NWAU)  |        |                     |                       |                 |
| <b>Outcome 2 indicator</b><br>Alcohol and other drug related Admitted (NWAU)     |        |                     |                       |                 |
| <b>Outcome 2 indicator</b><br>Alcohol and other drug related Non-admitted (NWAU) |        |                     |                       |                 |
| <b>Outcome 1 indicator</b><br>Public dental clinical service (DWAU)              |        |                     |                       |                 |

## E. Performance Measures

Achieve KPI targets. KPIs will incorporate those from MNCLHD Service Agreement and other KPIs including those from the Financial Sustainability Program and or service specific KPIs relevant to the Directorate.

### 6.1 Strategic priorities

MNCLHD Strategic Plan 2022-2032, outlines MNCLHD's purpose, strategic priorities and enablers. The Plan is future focused to meet anticipated challenges and describes what we will achieve to 2032.

In order to turn this plan into action, Directorates are required to develop annual Operational Plans that address the relevant key focus areas (what we will achieve) and enablers (how we will make this possible) of the Strategic Plan as per the focus areas:

- Focus Area 1 – Informed, engaged, empowered, community
- Focus Area 2 – Positive and personalised care experiences
- Focus Area 3 – Strong prevention and early intervention
- Focus Area 4 – Partnering, collaboration, communication
- Focus Area 5 – Streamlined processes that support safety and best practice
- Focus Area 6 – Research, health intelligence, strategic management
- Focus Area 7 – People, culture and capability
- Focus Area 8 – Resource stewardship

Operational Plans will be developed in line with MNCLHD priorities.

Exception reporting, reporting only those instances where actual performance deviates significantly from expectations, will be utilised to monitor progress towards achieving the Operational Plan via MAMs and Quarterly Performance Review. Achievements will also be highlighted during MAMs.

### 6.2 Services and networks

Each NSW Health service is part of an integrated network of clinical services that aim to ensure timely access to appropriate care for all eligible patients. Directorates must ensure effective contribution, where applicable, to the operation of state-wide and local networks of retrieval, specialty service transfer and cross MNCLHD networked specialty clinical services.

Directorates will also ensure continued provision of access by other districts and networks to key clinical services as agreed between relevant parties and incorporated into formal service agreements and annual operational planning processes.

Where Directorates have a lead or joint lead role in the provision of services to another district these services are to be continued in line with agreed service levels.

### 6.3 Budget and financial sustainability program

Budgets will be developed in line with MNCLHD Budget Guidelines document.

Financial performance for MNCLHD will be monitored on a monthly basis through MNCLHD Finance Report and this will also include results for Directorates presented as a Standing item to the Leadership Team. Financial performance for Directorates will also form part of the relevant Performance Scorecard tabled in MAMs and Quarterly Performance Review Meeting.

### 6.4 Purchased volumes

Performance of Directorates (where applicable) will be assessed in terms of whether they are meeting their purchased volume targets, as determined as part of the annual budget process and identified in the Service Performance Agreement.

Performance against purchased volumes will be monitored on a monthly basis for MNCLHD through the Performance Scorecard and included as a Standing item to the Leadership Team. NWAU performance for Services form part of the relevant Performance Scorecard tabled in MAMs and Quarterly Performance Review Meeting.

### 6.5 Performance measures, performance deliverables and FTE targets

Performance of Directorates will be assessed in terms of whether they are meeting targets and measures for KPIs as defined in MNCLHD Service Agreement, MNCLHD Strategic Plan or KPIs developed that are specific to the Directorate. KPIs will be designated into two categories:

- Tier 1 – generates a performance concern when the organisation’s performance is outside the tolerance threshold for the applicable reporting period.
- Tier 2 – generates a performance concern when the organisation’s performance is outside the tolerance threshold for more than one or consecutive reporting periods.

Annually there is an Executive Forum to aid the Chief Executive to determine MNCLHD Tier 1 KPIs. MNCLHD determined KPIs will be identified as part of the annual planning and budget cycle.

Exception reporting will be utilised to monitor progress via the MAMs and Quarterly Performance Review Meeting.

### 6.6 Performance review structures

The core elements of the organisational performance monitoring process are:

- Communication - open, effective and reciprocal communication between all parties involved in the organisational performance monitoring process is pivotal to the overall success of the process.
- Leadership Team – monthly standing item on Leadership Team agenda to review MNCLHD performance of expenditure and revenue budgets, KPIs, performance deliverables, organisational sustainability program and FTE targets.
- Monthly Accountability Meetings (MAMs) - monthly meetings to communicate progress against operational plans and performance measures and identify and manage emerging issues. The MAM also provides an opportunity to discuss significant achievements and recognise employees who have contributed to a particular success. MAMs will be held between the Chief Executive, Directors and their direct reports (General Managers and Service Managers).
- Quarterly Performance Review Meetings - quarterly meetings to discuss performance against the

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Budget Allocation Letter to formulate solutions to any organisational performance issues and to celebrate success and key learnings. Meetings will be held: Between the Chief Executive, each Director and, if required, senior leadership team for each Directorate.

- For the operational Directorates, between the Chief Executive, District Director Medical Services and Clinical Governance, Director Finance and Performance, Director Research and Knowledge Translation, District Director Nursing and Midwifery Services and Director People and Culture, General Managers or Service Directors and their senior leadership team and other delegates as required.

Quarterly Performance Review Meetings will be an opportunity for achievements to be celebrated, challenges discussed and if necessary agreed actions identified to address the challenges or performance issue.

Where an organisational performance issue is identified, the frequency of meetings may be increased until the issue is resolved. If the performance issue is escalated to a level 1, other relevant staff may be invited to attend the meetings to discuss the escalation and development of a Recovery Strategy with actions required to re-establish performance levels to meet agreed trajectories.

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Activities to be undertaken as part of the performance review process include:

| Monitoring and Reporting Activity   | Timing   | Responsibility                          |
|---|--|---|
| <b>(A) Strategic Priorities:</b>  |  |   |
| Provision of information, by exception, on implementation of Operational Plans that address the relevant key focus areas and enablers of the Strategic Plan                                 | Monthly - to be reported via the MAMs  | Directorates                            |
|   | Quarterly - progress to be presented to the Performance Review Meetings  | Directorates                            |
| Provision of information on the implementation of Strategic Plan  | Annually - collated report to be presented to MNCLHD Board   | Quality Strategy and Improvement        |
| <b>(B) Services and Networks:</b>   |  |   |
| Provision of information, by exception, on the effectiveness of the operation of state-wide and local networks of retrieval, specialty service transfer and inter-MNCLHD networked services | Monthly - to be reported via the MAMs  | Directorates                            |
|   | Quarterly - progress to be presented to the Performance Review Meetings  | Directorates                            |
| <b>(C) Budget:</b>  |  |   |
| Provision of financial information  | Monthly – Finance and FTE Commentary to be made available to all Directorates and MNCLHD   | Finance Directorate                     |
| Analysis and interpretation of financial information  | Monthly - to be reported in the Finance and FTE commentary<br>To be discussed at Tier 2 and Tier 3 MAMs<br>Quarterly - progress to be presented to the Performance Review Meetings | Directorates (with support as required) |
| <b>(D) Purchased volumes:</b>   |  |   |
| Provision of KPI data related to performance against purchased volume   | Monthly - information for KPIs to be made available  | Health Information and Business Support |
| Analysis and interpretation of data   | Monthly - to be reported via the MAM<br>Quarterly - progress to be presented to the Performance Review Meetings  | Directorates (with support)             |
| <b>(E) Performance Measures:</b>  |  |   |
| Provision of KPI data   | Monthly - information for KPIs to be made available  | Health Information and Business Support |
| Analysis and interpretation of KPI data   | Monthly, quarterly or annually (as applies to the individual KPI) - to be reported via the MAM   | Directorates (with support as required) |
|   | Quarterly - progress to be presented to the Performance Review Meetings  | Directorates (with support as required) |
| <b>Meetings:</b>  |  |   |

| Monitoring and Reporting Activity | Timing   | Responsibility  |
|-----------------------------------|--|---|
| Monthly Accountability Meetings   | Monthly<br><br>May be moved to fortnightly depending on the districts overall performance rating.      | <p>Chief Executive's office is responsible for scheduling and organising MAMs with Directors and documenting agreed outcomes.</p> <p>The relevant Director is responsible for scheduling and organising MAMs with their direct reports and documenting agreed outcomes and MAMs cascaded through the organisation.</p> <p>All are responsible for implementing agreed actions and ensuring that there is active monitoring of the implementation of agreed actions.</p>   |
| Performance Review Meetings       | Quarterly, or more frequently if a Directorate performance is subject to a formal performance response | <p>Chief Executive's office is responsible for scheduling / organising meetings, documenting agreed actions and arranging for the appropriate level of support when further escalation is required.</p> <p>The Directorate is responsible for implementing agreed actions, ensuring there is active monitoring of implementation of agreed actions.</p> <p>Where a Directorate is subject to a formal performance response, the Directorate is responsible for the development of a Recovery Plan with actions required to re-establish performance levels to meet agreed trajectories. This will be submitted five business days prior to the scheduled meeting.</p> |

## 6.7 Directorate performance assessment

Performance assessment is intended to be a consistent and transparent process with reference to clear criteria provided as the basis of assessment.

At the conclusion of the Performance Review Meeting or shortly thereafter, the overall performance of the Directorate will be determined by the Chief Executive with input from District Director Medical Services and Clinical Governance, Director Finance and Performance, Director Research and Knowledge Translation, District Director Nursing and Midwifery Services and Director People and Culture as either Performing, Under Review, Under Performing or Not Performing and whether escalation or de-escalation is required. Performance against the key elements of the Budget Allocation Letter will be the primary consideration in determining overall performance.

In doing so:

- All performance measures included within Service Performance Agreement will have associated targets and tolerances (guided by the annual service agreement) against which a quantitative (i.e., measurable) assessment can be made.
- A balanced view of performance measures will be taken.
- Historical trends and forecasts will be considered.
- External influences will be taken into account.
- Risk to the organisation's overall performance will be considered.
- Existing performance concerns may be considered, and an assessment made regarding whether sufficient progress has been made or whether a higher level of response is required.

For example, if the majority of the core performance measures are indicated as 'Performing' and a small number of performance concerns have been noted with corrective actions nominated, then the overall performance rating would be likely to be 'Performing'.

The performance assessment is intended to resolve identified concerns by building capacity, capability and providing adequate support to encourage operational improvement and sustainability. Performance assessment will also identify consistently high performance, improved performance and innovative practices which can be recognised and shared throughout MNCLHD and, if appropriate, the wider health community.

Performance assessment responses are further outlined below:

| Point of Escalation                                      | Response   | Point of De-escalation               | Meeting Timeframes                                     |
|--|--|--------------------------------------|--|
| <b>Level 0 – Performing</b> (No additional requirements) |  |                                      | <b>Quarterly</b>                                       |
| <b>Level 1 – Under Review</b> (Action required)          |  |                                      | <b>Quarterly (monthly with material deterioration)</b> |
| Performance issue identified                             | <p>The Directorate will provide formal advice to the Chief Executive on:</p> <ul style="list-style-type: none"> <li>• Factors that led to the performance issue</li> <li>• Intended action to be taken to rectify the performance issue</li> <li>• Timeframe to achieve the recovery</li> <li>• Outcomes and achievements</li> </ul> | The issue is satisfactorily resolved |  |



| Point of Escalation   | Response   | Point of De-escalation  | Meeting Timeframes |
|---|--|---|--------------------|
|   |  |   |                    |
| <b>Level 2 – Under performing</b> (Additional support and involvement required from the Chief Executive)  |  |   | <b>Monthly</b>     |
| <p>The original performance issue that triggered a Level 1 response has not been resolved.</p> <p>Other performance issue/s emerge warranting Level 2.</p> <p>A governance or management failure or sentinel event occurs warranting escalation to Level 2.</p> | <p>The Directorate will:</p> <ul style="list-style-type: none"> <li>• Undertake an in- depth assessment of the problem with the support of the Chief Executive and relevant board sub-committees to identify options to address the problem.</li> <li>• Develop a Recovery Plan. The Strategy is to be signed off by the Chief Executive.</li> <li>• Meet with the Chief Executive on a monthly basis to monitor implementation of the Recovery Plan and review outcomes and achievements.</li> </ul>  | <p>The Recovery Strategy has succeeded, and the performance issue shows no indication of re- emerging in the ensuing three months.</p>    |                    |
| <b>Level 3 – Not Performing</b> (Additional significant support and involvement required from the Chief Executive)  |  |   | <b>Monthly</b>     |
| <p>The Recovery Plan is not progressing well and is unlikely to succeed without additional support and input from the Chief Executive and or other Directors.</p>   | <p>The Directorate will undertake a review of the Recovery Plan with the support of the Chief Executive and identify additional courses of action required to address the problem.</p> <p>As part of this review, the Chief Executive may:</p> <ul style="list-style-type: none"> <li>• Assign staff to work collaboratively with the Directorate or Health Service to review and implement strategies in the Plan.</li> <li>• Assign staff to support Directorates in education, training and capability building.</li> <li>• Appoint a representative for the specific purpose of overseeing the implementation of the Plan.</li> <li>• Commission an independent review of/validation of the problem and develop a revised Plan.</li> <li>• Assign staff to have a more direct involvement in the operation of the Directorate.</li> <li>• Escalation to Level 3 may trigger referral to</li> </ul> | <p>The revised Recovery Plan has succeeded and the performance issue shows no indication of re- emerging in the ensuing three months.</p> |                    |

| Point of Escalation | Response   | Point of De-escalation | Meeting Timeframes |
|---------------------|--|------------------------|--------------------|
|                     | a formalised performance management process for individuals in line with relevant policies and procedures. |                        |                    |

Confidence in, and evidence of, the Directorate or MNCLHD's ability to achieve a turnaround in performance is considered in the decision to escalate or de-escalate the response to the performance concern. The trigger to reduce performance levels may come from completion of recovery plans or emerging trends of sustained performance improvement.

The level of performance concern in each case is determined by the seriousness of the issues, the speed with which the situation could deteriorate further and the time and cost it would take to achieve turnaround. Whether the Directorate or MNCLHD is on trajectory to meet targets within a reasonable and agreed time frame will also influence the level of performance concern.

Escalation and de-escalation may not be sequential. The initial level of escalation and response is based on the seriousness of the performance issue, the likelihood of rapid deterioration and the magnitude of the issue. For example, there may be circumstances where the seriousness of the situation calls for escalation from Level 1 directly to Level 3.

## 6.8 Annual budget development

A Mid-Year Review will be undertaken by extending the second Quarterly Performance Review Meeting. In addition to the usual performance review, forward planning for the following year will be discussed as well as review of the key aspects of Budget Allocation Letters. This includes initial discussion of expenditure and revenue budget, KPIs, performance deliverables, Financial Sustainability Program and FTE targets, scope of services and new initiatives or priorities.

## 6.9 Reporting framework

To support and assist in the ongoing implementation of this Framework, a suite of key reports and dashboards will be developed that are tailored to key responsibility levels. These reports allow managers and decision makers to have up to date information available when making business decisions, and to monitor improvements as they occur.

Reporting priorities change as organisational priorities change, so flexibility needs to be a part of the reporting process. The best way to ensure this is not a risk is to prioritise staff training and development in accessing and analysing data.