

# NSW Health Performance Framework



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NSW Ministry of Health  
1 Reserve Road  
ST LEONARDS NSW 2065  
Tel. (02) 9391 9000  
Fax. (02) 9391 9101  
TTY. (02) 9391 9900  
[www.health.nsw.gov.au](http://www.health.nsw.gov.au)

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The NSW Ministry for Health acknowledges the traditional custodians of the lands across NSW. We acknowledge that we live and work on Aboriginal lands. We pay our respects to Elders past and present and to all Aboriginal people.

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# Overview

## Purpose

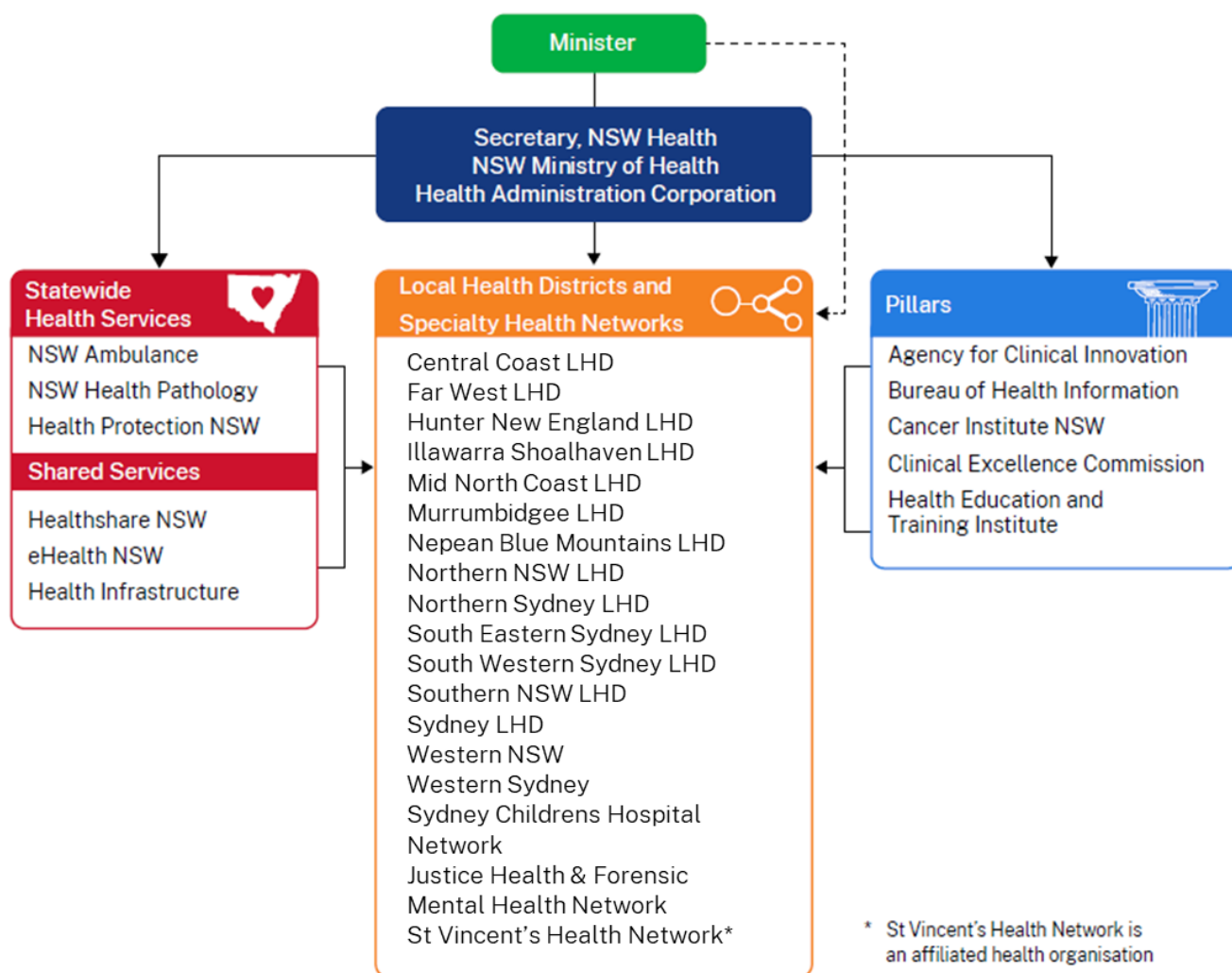
The NSW Health Performance Framework (the Framework) outlines the NSW Ministry of Health (the Ministry) process for setting performance expectations and monitoring performance of public sector health and support services. The Framework clearly outlines the process of assessing the level of performance of each health service. It allows the Ministry to identify and acknowledge sustained high performance with the view for lessons to be shared across NSW Health. Where underperformance is identified, the Framework sets out the process to escalate concerns and ensure support is available to remediate performance.

A transparent Framework and consistent processes promotes increased accountability, timely escalation of concerns and the provision of support to address performance issues. The Framework promotes a culture of continuous improvement in the delivery of quality care to patients across the NSW Health System. It ensures NSW Health strategic priorities including the Future Health: Strategic Framework, Regional Health Strategic Plan 2022-32 and NSW Government priorities are implemented.

The Framework applies to:

- Local Health Districts/Specialty Health Networks (LHDs/SHNs): For the purposes of this framework, NSW Ambulance and St Vincent's Hospital Sydney Limited are subject to the same process of performance assessment as LHDs/SHNs.
- NSW Support Organisations: Pillars, shared services and statewide health services.

Figure 1: NSW Health Structure



## Background

In July 2011 reforms were implemented in NSW Health establishing the current roles for the Ministry, LHDs/ SHNs and support organisations. These reforms promoted devolved decision making and increased transparency in funding and performance. While the Ministry sets performance expectations through service agreements (described below) and monitors performance against those expectations, LHDs/SHNs and support organisations determine how to meet these expectations. If expectations are not met, the Ministry decides on the nature of actions to remediate performance.

This document replaces the previous version of the Framework which was published in June 2017. In April 2019, the Audit Office of NSW released the report '*Governance of Local Health Districts*'. While noting that accountability and oversight mechanisms, including the Framework, have been effective in establishing accountability, oversight and strategic guidance, the report also made recommendations related to the Framework. These included:

- Revising the NSW Health Performance Framework to ensure it is cohesive, clear and comprehensive
- Clarifying process and decision making for managing performance concerns
- Developing a mechanism to adequately hold LHDs/SHNs accountable for non-service activity functions
- Reconciling performance monitoring and intervention with the policy intent of devolution.

In 2020 the Ministry began a review of the performance framework. During this process there was an external review which involved system wide consultation and analysis of performance frameworks throughout Australia and internationally.

This version has been updated to reflect current practice and changes to titles, etc. where appropriate.

# Setting Performance Expectations

## NSW Health Strategies and Priorities

The delivery of NSW Health strategies and priorities is the responsibility of the Ministry of Health, LHDs/SHNs and support organisations. These are to be reflected in the strategic, operational, and business plans of these entities. Performance expectations set by the Ministry aim to support the delivery of the strategies and priorities outlined below.

### Future Health: Strategic Framework

The Future Health Strategic Framework is the roadmap for the health system to achieve NSW Health's vision. It will guide a decade of care in NSW 2022-32, while adapting to and addressing the demands and challenges facing our system.

Future Health sets out the following strategic outcomes:

- Patients and carers have positive experiences and outcomes that matter: People have more control over their own health, enabling them to make decisions about their care that will achieve the outcomes that matter most to them
- Safe care is delivered across all settings: Safe, high quality care is delivered by us and our partners in a sustainable and personalised way, within our hospitals, in communities, at home and virtually
- People are healthy and well: Investment is made in keeping people healthy to prevent ill health and tackle health inequality in our communities
- Our staff are engaged and well supported: Staff are supported to deliver safe, reliable person-centred care driving the best outcomes and experiences
- Research and innovation, and digital advances inform service delivery: Clinical service delivery continues to transform through health and medical research, digital technologies, and data analytics
- The health system is managed sustainably: The health system is managed with an outcomes-focused lens to deliver a financially and environmentally sustainable future.

### NSW Regional Health Strategic Plan 2022-23 Priority Framework

The NSW Regional Health Strategic Plan for 2022-2032 is a roadmap for the future of health services that understands, and celebrates, the diverse and unique nature of regional communities. The plan's vision is a sustainable, equitable and integrated health system delivering outcomes that matter most to patients and the community in regional, rural and remoter NSW.

The Regional Health Strategic Plan identifies the following strategic priorities:

- Strengthen the regional health workforce
- Enable better access to safe, high quality and timely health services
- Keep people healthy and well through prevention, early intervention and education
- Keep communities informed, build engagement, seek feedback
- Expand integration of primary, community and hospital care
- Harness and evaluate innovation to support a sustainable health system.

In addition to the Future Health and Regional Health Frameworks, there are several government priorities NSW Health is responsible for delivering. These government priorities are reported to the Department of Premier and Cabinet (DPC). Progress on government priorities allocated to Health is monitored by the Ministry of Health including Election Commitments, Charter Letter commitments and Inquiry recommendations.

## Legislation and Agreements

Performance expectations set by the Ministry are underpinned by legislation and agreements as outlined below. Further information is outlined in service agreements, performance agreements and statements of service.

### Health Services Act 1997 (the Act)

Provides a legislative framework for the public health system. Under the Act, the Health Secretary's functions include: the facilitation of the achievement and maintenance of adequate standards of patient care within public hospitals, provision of governance, oversight and control of the public health system and the statutory health organisations within it, as well as in relation to other services provided by the public health system, and to facilitate the efficient and economic operation of the public health system (s.122).

### National Agreement

The National Cabinet has reaffirmed that providing universal healthcare for all Australians is a shared priority and agreed in a Heads of Agreement for public hospitals funding from 1 July 2020 to 30 June 2025. National Health Reform Agreement (NHRA) 2020-2025 maintains activity-based funding and the national efficient price.

## Clinical Governance

NSW public health services are accredited against the National Safety and Quality Health Service Standards. 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 Health Patient Safety and Clinical Quality Program (PD2005\_608) provides an important framework for improvements to clinical quality.

## Corporate Governance

The NSW Health Corporate Governance and Accountability Compendium outlines the governance requirements that apply to NSW Health organisations. As well as setting out requirements in legislation and Government policy, the compendium provides a robust governance framework to underpin local decision making.

## NSW Health Outcome and Business Plan

The NSW Health Outcome and Business Plan is an agreement between the Minister for Health, Minister for Regional Health, the Secretary, NSW Health and the NSW Government setting out the outcomes and objectives that will be focused on from 2021-2022 to 2023-2024. It is part of the NSW Treasury Outcome Budgeting Initiative, the focus of which is to shift the focus of the NSW Government to deliver better outcomes for the people of NSW with increased transparency, accountability and value.

## Service Agreements

The Ministry and health organisations operate as a purchaser-provider relationship. Service agreements are developed between the Ministry and LHDs/SHNs on an annual basis. They establish the performance expectations for the funding provided.

The agreements include the annual budget, the mix and level of services purchased under activity-based funding and the key performance indicators (KPIs) and deliverables against which the performance of the health system is monitored and managed. These KPIs are developed by relevant Ministry branches.

Support organisations enter into performance agreements or statements of service with the Ministry. Like service agreements, these agreements set out service and performance expectations for the funding and other support provided. They also outline KPI's and deliverables.

KPI's and deliverables in service agreements, performance agreements and statements of service are designed to ensure NSW Health is aligned with its strategies and priorities.

# Local Health District/Specialty Health Network Performance

## Monitoring and Managing Performance

As system managers, the Ministry regularly monitors performance and escalates concerns. In ongoing communications concerning performance, the primary focus of the Ministry is to support the LHD/SHN to maintain, improve or restore performance to agreed standards. All Deputy Secretaries and their divisions work closely to ensure a coordinated approach is taken by the Ministry under the Framework.

### Health System Performance Reports

The Ministry produces a monthly Health System Performance Report for each LHD/SHN and NSW Ambulance. It provides data on performance against the KPIs listed in the service agreement. The reports detail variation in performance from the targets and from the previous year. They are available to the Ministry and LHDs/SHNs.

### Safety and Quality Framework

The Safety and Quality Framework supports NSW Health's commitment towards safe and high-quality healthcare for our patients. It assists LHDs/SHNs with the purchasing, performance monitoring and continuous improvement of health services to deliver safe, high-quality care for patients.

Under the Safety and Quality Framework, LHDs/SHNs are required to submit an annual Safety and Quality Account. The Safety and Quality Accounts provide a broad picture of safety and quality and across the state. The account documents:

- outcomes achieved against planned safety and quality initiatives
- performance against KPIs
- commitment to consumer participation and staff culture.

### Financial Reports

The Financial Requirements and Conditions of Subsidy (Government Grants) is a supporting document to service agreements and outlines NSW Health policy and expectations in relation to financial matters.

According to the document public health organisations must submit cost, budgeting and forecast data to the Ministry each month, as well as a narrative based on the results.

Public health organisations are also required to submit Efficiency Improvement Plans reporting on strategies to improve financial sustainability regarding productivity, revenue and expenses. They are required to monitor and report progress against these strategies as part of their monthly financial reporting processes.

### Performance Meetings

Performance meetings are held each quarter between the Ministry and LHDs/SHNs. Meetings are chaired by Deputy Secretary, System Sustainability and Performance Division.

To form the meeting agendas, Ministry branches that are policy owners of KPI's nominate performance issues to be discussed at the meeting. Meetings cover the following issues:

- Performance against service agreement KPI's
- Progress against Future Health strategic outcomes
- Priority areas impacting health service delivery. LHDs/ SHNs may be asked to deliver a presentation and participate in a focused discussion on these areas
- LHD/SHN performance level
- Opportunities for the Ministry and the health service to collaborate to improve performance.

### Aboriginal Health Progress Report

The annual Aboriginal Health Dashboard, produced by the Ministry's Centre for Aboriginal Health, provides a snapshot of key measures that reflect the response of LHDs/SHNs to the health needs of the local Aboriginal community. The Dashboard is intended as a tool to support constructive conversations and collaborative efforts with local services, communities and with the Ministry to improve the health and well-being of Aboriginal people.

The Dashboard is supported by the Dashboard Toolkit. Using published evidence, expert opinion and information from health services, the toolkit is a guide to improving Aboriginal health across key indicators, including selected Service Agreement KPIs.



## Non-Service Activities

In progressing the NSW Health strategies and priorities outlined above, LHDs/SHNs and support organisations are expected to undertake non-service activity functions as well as achieve against performance indicators and deliverables.

Non-service activities are activities which are not services, but which directly or indirectly promote NSW Health strategies and priorities. Examples include Collaborative Commissioning, where LHDs and Primary Health Networks are supported to form regional partnerships, and partnerships between LHDs and Aboriginal Community Controlled Health Services.

As well as this activity being monitored by relevant Ministry branches, there are a number of other oversight mechanisms including:

- **Service Agreements and Performance Meetings:** In addition to KPI's, Service Agreements contain performance deliverables which reflect NSW Health strategies. These deliverables often include non-service activities. Many of these deliverables involve engaging with community partners. Performance deliverables can be discussed at LHD/SHN Performance Meetings.
- **Safety and Quality Accounts:** As described above, LHDs/SHNs are required to submit an annual Safety and Quality Account to the Ministry. As part of the response, LHDs/SHNs must demonstrate how they meet National Safety and Quality in Health Service Standard 2 'Partnering with Consumers'. This standard ensures health services support patients, consumers and carers to participate in service planning, designing care, and service measurement and evaluation to improve health outcomes and the patient and family experience.
- **Corporate Governance Attestation Statements:** NSW public health organisations must publish an annual Corporate Governance Attestation Statement outlining their governance arrangements. The statements detail compliance with the standards in the governance framework outlined in the Corporate Governance and Accountability Compendium. Standard 6 is 'Involving stakeholders in decisions that affect them'. This involves having consultative strategies in place with consumers, the community and staff.
- **Annual Public Meetings:** LHDs are required to hold annual public meetings which any person is entitled to attend as per Schedule 4A of the Health Services Act 1997. The Corporate Governance and Accountability Compendium also notes that all public health organisations should ensure performance of the organisation in delivering key plans, targets and initiatives is reported to the public at least annually.

## Assessing Performance

### Local Health District/Specialty Health Network Performance Levels

Each health organisation is assigned a performance level between 0 and 4.

Performance Level	Description	Point of escalation
0	Nil performance concerns	N/A
1	Under review	Performance issue identified.
2	Under performing	The original performance issue that triggered a Level 1 response has not been resolved: or Other performance issue(s) emerge warranting Level 2; or A governance or management failure or sentinel event occurs warranting escalation to level 2.
3	Serious under-performance risk	Recovery activity is not progressing well and is unlikely to succeed without additional support and input from the Ministry.
4	Health service challenged and failing	The recovery strategy has failed and changes to the governance of the LHD/SHN may be required.

### Process for Determining Performance Levels

#### Performance Advisory Meeting

The Ministry holds a monthly Performance Advisory Meeting to review the performance of LHDs/SHNs.

The Performance Advisory Meeting makes recommendations regarding LHD/SHN performance levels to the Health System Performance Monitor Meeting on a quarterly basis.

Meeting participants include representatives from the following Divisions:

- System Sustainability and Performance
- Financial Services and Asset Management
- People, Culture and Governance
- Health System Strategy and Patient Experience
- Population and Public Health.

Discussions are informed by:

- Health System Performance Reports
- Financial Reporting
- Efficiency Improvement Plans entered into the Rigorous Program Management System
- Other factors impacting health service performance.

#### Health System Performance Monitor Committee

The Health System Performance Monitor Committee supports the Secretary monitor and manage system performance risks and issues of strategic importance across the NSW Health System.

Meetings are monthly and participants in the meeting include:

- Secretary, NSW Health
- Deputy Secretary, System Sustainability and Performance Division (Chair)
- Deputy Secretary, Health System Strategy and Patient Experience Division
- Deputy Secretary, Population and Public Health Division and Chief Health Officer
- Deputy Secretary, People, Culture and Governance Division
- Deputy Secretary, Financial Services and Asset Management Division
- Deputy Secretary, Clinical Innovation and Research
- Deputy Secretary, Regional Health Division.

The Secretary and Deputy Secretaries meet separately at the conclusion of the Committee meetings on a quarterly basis to confirm the performance levels of each LHD/SHN and endorse any changes.

Once a decision has been made to escalate or de-escalate a performance level, the Chief Executive and Board Chair of the LHD/SHN will be formally notified via correspondence outlining the reasons for the change.

# Performance Recovery

Where issues are identified the Ministry will support LHDs/SHNs in remediating performance. It is the responsibility of Ministry branches who are policy owners of KPI's to collaboratively work with LHDs/SHNs who have performed below target for a sustained period to undertake the recovery action.

## Performance Levels 0 to 2

LHDs/SHNs with a performance level of 0 to 2 will participate in recovery activities designated by Ministry branches responsible for the underperforming KPI's.

LHDs/SHNs with higher performance levels will likely participate in broader and more intensive program given the more serious performance issues.

## Performance Level 3

LHDs/SHNs with a performance level of three require additional support and accountability. Additional support measures include:

- LHD/SHN attendance at a monthly performance recovery meeting with representatives from branches responsible for the underperforming KPIs. Meetings are chaired by the Deputy Secretary, System Sustainability and Performance . The meeting will review the implementation of a comprehensive recovery strategy to address underperformance
- The Ministry may assign subject matter experts to work collaboratively with the LHD/SHN to develop and implement the recovery strategy; or to have a more direct involvement in the operation of the LHD/SHN
- The Ministry may appoint a representative for the specific purpose of assisting the board to effectively oversee necessary performance improvements including attending board meetings for that purpose.

## Performance Level 4

For LHDs/SHNs with a performance level of four, the timing and scope of any action will be determined by the nature of the performance issues. These may include:

- the Secretary of Health commissioning an independent review of LHD/SHN governance and management capability
- the Minister requiring the Board Chair to demonstrate that the Chief Executive can achieve turnaround within a reasonable time frame
- the Minister determining to change the membership of the board and/or appointing an administrator.

Note that nothing in this document is to be taken as affecting or limiting the discretion to exercise powers under the Health Services Act 1997, including sections 29, 52 or 121H.

# Support Organisation Performance

Support organisations enter into annual performance agreements or statements of service with the Ministry. These annual agreements set out service and performance expectations for the funding and other support provided. It includes the organisation's budget, KPI's and performance deliverables.

Performance meetings are held every 6 months with support organisations. Meetings are chaired by the allocated Ministry Deputy Secretary partner. Branches which are policy owners of a KPI or are subject matter experts for performance deliverables in performance agreements/ statements of service are invited to the meetings. At the meeting the following issues are discussed:

- Performance against performance agreement/ statement of service key performance indicators
- Delivery of performance agreement/statement of service deliverables
- Opportunities for the Ministry and the support organisation to collaborate to improve performance.

Support organisations provide a report to the Ministry on performance against KPI's and how performance deliverables are progressing.

# Roles and Responsibilities

## Ministry of Health

It is the responsibility of the Ministry to set performance expectations and monitor the performance of health services and support organisations against those expectations. In accordance with the principle of devolution, it is for health services and support organisations to determine how to meet these expectations and respond to the needs of the community while complying with relevant legislation and policies. Where issues with meeting performance expectations arise, the Ministry will provide pathways to assist in recovering performance.

The Ministry works to address emerging issues which require a coordinated system response. This includes approving adjustments to the NSW Health Patient Allocation Matrix, the system which directs patients transported by ambulance to the nearest, most clinically appropriate emergency department. It also includes issues such as winter or pandemic planning and system wide capacity constraints.

The Ministry is also notified of instances of elevated risk, for example extended ambulance delays. In these situations, the Ministry's role is to provide support in resolving the issue if needed and to receive assurance that local initiatives are in place.

## Local Health Districts/ Specialty Health Networks and Support Organisations

As well as meeting performance expectations, health organisations must ensure appropriate governance arrangements are in place. The Governance Framework in the Corporate Governance and Accountability Compendium for NSW Health outlines key elements of a robust governance framework for health organisations.

Standard 4 is 'Monitor financial and service delivery performance'. Health organisations are responsible for ensuring appropriate arrangements are in place to secure the efficiency and effectiveness of resource utilisation by their organisation and for regularly reviewing the financial and service delivery performance of the organisation.

## Boards

The roles of Boards are outlined in section 28 of the *Health Service Act 1997*. These include:

- 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 the local health district, and
  - to ensure the district manages its budget to ensure
  - performance targets are met, and
  - to ensure that district resources are applied equitably to meet the needs of the community served by the district
- to provide strategic oversight of and monitor the local health district's financial and operational performance in accordance with the State-wide performance framework against the performance measures in the performance agreement for the district
- to confer with the chief executive of the local health district in connection with the operational performance targets and performance measures to be negotiated in the service agreement for the district under the National Health Reform Agreement
- to approve the service agreement for the local health district under the National Health Reform Agreement
- 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 the planning of district services
- to advise providers and consumers of health services, and 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.

# Evaluation

In accordance with NSW Treasury Policy and Guidelines: Evaluation TPG22-22, all NSW Government agencies are required to coordinate monitoring and periodic evaluation of their initiatives, both ongoing and new.

To ensure the Framework is fit for purpose and operating effectively, the Ministry will undertake a process evaluation within 6 months of the Framework's release to assess how effectively it has been implemented

An outcome evaluation within 2 years of the Framework's release to assess the link between activities under the framework and outcomes.

# Conclusion

The Framework outlines how performance expectations of health organisations are set, how performance against these expectations is monitored and assessed, how concerns are escalated and ways in which support is provided to assist performance recovery.

Underpinning these processes is ongoing communication and collaboration between the Ministry and all public health organisations to ensure the NSW Health System delivers the best possible care and experiences for patients and their families and carers.

