



Health
Nepean Blue Mountains
Local Health District

HPRM Ref:

17 December 2020

Mr Strephon Billinghamurst
Chief Executive Officer
Hawkesbury District Health Service

Strephon.Billinghurst@sjog.org.au

Dear Strephon

2020/21 Final Service Agreement

I am pleased to provide you with your 2020/21 Service Agreement for Hawkesbury District Health Service (HDHS). This agreement supersedes the Interim Service Agreement for the period 1 July to 31 December, 2020.

The Service Agreement reflects the strategic priorities for the health system. It sets the performance and accountability requirements for health services measured against key performance indicators for 2020-21. The organisation's performance will be monitored in line with the NBMLHD Performance Framework.

NSW Health Budget

For 2020-21, the NSW Government budget for health is \$29.3 billion. Recurrent spending in health over the coming year will be \$26.4 billion, an increase of \$0.7 billion on last year. This represents an underlying increase of 3.1 per cent after adjusting for several one-off or time-limited programs, including the funding of the COVID-19 public health response.

This funding allocation allows for all Districts, Networks and NSW Ambulance to receive growth in their annual budget, reflecting both final approved cost indexation plus the negotiated service growth and capacity funding to meet increasing health needs in our community.

More than \$3 billion will be invested in health capital, including \$185 million in capital expensing. Capital funding has been allocated for the construction, development or redevelopment of health assets across the State to expand and improve the quality of care provided to our patients.

NBMLHD Budget

Nepean Blue Mountains LHD expense budget for FY20/21 is \$904.4 million, an increase of 3.37% on our annualised budget and inclusive of \$17.6 million in total activity growth.

NSW State Price

**TOGETHER
ACHIEVING
BETTER HEALTH**

Nepean Blue Mountains Local Health District
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The NSW State Price for 2020-21 of \$4,727, has been informed by the Cost per NWAU data of the 2018/19 District and Network Returns (DNR Clinical Costing Study). In previous years the state price was linked to the State Average Cost per NWAU as provided by the DNR, with growth activity paid at a discount to the State Price.

As previously foreshadowed, the 2020-21 NSW State Price has now been set at a point lower than the State Average Cost with all activity, including growth and small hospitals, paid at the same price.

LHD Facility/Service Allocations

The HDHS budget has been calculated as follows:

| <u>Activity Stream</u> | <u>NWAU20</u> | <u>Amount (\$'000)</u> |
|--|---------------|------------------------|
| Acute | 9,185 | \$ 43,418 |
| ED | 3,386 | 16,007 |
| SNAP | 1,086 | 5,049 |
| NAP | 1,530 | 7,234 |
| TTR | | 1,482 |
| TACP | | 916 |
| Total Activity Budget | | \$ 74,106 |
| Escalation for ERE and G&S | | 1,584 |
| Transition Grant | | 2,097 |
| Total Recurrent Budget Allocation | | \$ 77,787 |
| EDWARD Implementation | | 200 |
| Purchasing Adjustors | | (133) |
| Total FY20/21 Budget allocation | | \$ 77,854 |

The HDHS budget allocation is inclusive of medical indemnity, LSL, rent (\$1), RMR and MW&E, in line with prior year allocation. An amount of \$410,000 from the budget allocation is to be 'quarantined' for MW&E (capital greater than \$10k), along with a co-contribution of \$90,000 by SJOG representative of the proportion of private work undertaken by the facility. A joint steering committee between NBM and HDHS (already established) will continue to govern capital expenditure. HDHS will also continue to be eligible to submit ARRP applications for consideration by the program; and will be included in LHD Strategic Asset Management Plans (SAMP – replacing Asset Strategic Plans or "ASP" in FY20/21).

It should also be noted that following previous discussions regarding provision of funding to assist with transition of HDHS to EDWARD, an amount of \$200,000 is being provided by NBMLHD to meet the requirements of the State-wide EDWARD Business Implementation (EBI) Program. Please note that you are required to complete your full transition to EDWARD by 31 December 2021 to comply with NSW Health mandatory reporting requirements. This timeframe is to include an appropriate period of parallel reporting from both the HIE and EDWARD to ensure validation of the accuracy of data submission and reporting prior to the HIE being decommissioned from 1 January 2022.

There is no further funding available to support your transition to EDWARD.

Timeframes

Please review the documents and return your signed Service Agreement to the A/Executive Director Finance & Corporate Services, by cob Friday 24th January 2021.

Should you require further information or have specific questions about the Service Agreement, please contact Mr Steven Black, Acting Executive Director Finance & Corporate Services on 02 4734 2170.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kay Hyman', written in a cursive style.

Kay Hyman
Chief Executive
Nepean Blue Mountains Local Health District

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