

## Nepean Blue Mountains Local Health District



25 October 2023

CM Ref: 23/41305

Mr Strephon Billinghamst  
Chief Executive Officer  
Hawkesbury District Health Service

Email: [REDACTED]

### 2023 -24 Service Agreement

Dear Strephon

I am pleased to provide you with your 2023 -24 Service Agreement for Hawkesbury District Health Service (HDHS).

The Service Agreement reflects the strategic priorities as set out in the Future Health Strategic Framework. It sets out performance accountabilities for health services measured through key performance indicators against which the organisations performance will be monitored by the Ministry of Health.

### NSW Health Budget

For 2023 -24 the NSW Government budget for health is \$34.3 billion. The expense budget will be \$31.0 billion. This represents an underlying increase of \$1.7 billion or 6.4%. Growth funding is largely tied to commitments in place and incurring expenditure within the health system from 1 July 2023, such as wages escalation .

### Comprehensive Expenditure Review

To ensure NSW Health resources are managed sustainably and to support Government priorities:

- \* Comprehensive Expenditure Review (CER) approved 2023 -24 savings measures total \$162m. This includes \$120m under the Savings Leadership Programme (Procurement) and \$42m in Effectiveness Measures.
- \* Whole of Government (WoG) savings (encompassing advertising, consultants, labour hire/contractors, legal and travel expenses) of \$46m have been allocated to the Ministry, Shared Services, Districts, Networks, Ambulance and other Health Entities and each service has received a letter indicating quantum of defined budget.

These measures are being rolled out across the system and transparency on progress and outcomes will be critical to success and accountability.

In a challenging financial landscape that assumes reprioritising and realignment of existing resources, financial stability over core operations is critical and will require strong financial controls including affordable FTE levels and achieving Efficiency Improvement Plans. Returning

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to pre-COVID productivity and optimising reporting of NWAU are important levers for our long-term financial success with amendments to KPIs, governance and reporting for 2023-24 supporting this objective.

### NSW Health State Price

The NSW State Price for 2023-24 is \$5,323 per NWAU23 whilst the NSW State Efficient Price is \$5,207 and has been informed by the Cost per NWAU data of the 2021-22 District and Network Returns (DNR Clinical Costing Study).

### NBMLHD Expense Budget

NBMLHD expense budget for 2023-24 per the Service Agreement is \$1,086.4 million. This is an increase of 7% inclusive of award and CPI increases, specific item escalations, other targeted initiatives and the allocated saving program target in the Service Agreement.

### HDHS Budget

The HDHS budget has been allocated as follows:

<b>Activity Stream</b>	<b>NWAU23</b>	<b>Amount (\$000's)</b>
Acute	9,527	\$50,712
ED	3,942	\$20,983
SNAP	1,133	\$6,031
NAP	1,338	\$7,122
TTR		\$1,601
TACP		\$934
<b>Activity + TTR + TACP</b>		<b>\$87,383</b>
ALS		\$92
Adjustors		-\$134
<b>Total FY2023-24 budget allocation</b>		<b>\$87,341</b>

The HDHS budget allocation is inclusive of medical indemnity, Long Service Leave, rent (\$1), and Repairs & Maintenance, in line with the prior year allocations. The district continues to advocate for additional MW&E funding and will provide further advice over coming weeks. Our Asset Management team led by Jamie Leigh Petersen will continue to work with HDHS until budget certainty is provided. NBMLHD is committed to funding a surgical laser with procurement already commenced.

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### Efficiency Improvement Program (EIP)

The NBMLHD Service Agreement includes saving programs targets which reduces available budget. We strongly encourage HDHS to seek efficiency improvement opportunities via productivity, revenue and expenses strategies to assist with financial performance.

### Timeframes

Please review the accompanying documents and return your signed Service Agreement to the Director Finance & Corporate Services, by Friday 10 November 2023.

Should you require further information or have specific questions about the Service Agreement, please contact Mr Luke Bellman, Director Finance & Corporate Services

Yours sincerely

A handwritten signature in black ink, appearing to read "Lee Gregory".

Lee Gregory  
Chief Executive  
Nepean Blue Mountains Local Health District